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Power Finance & Risk

Exclusive Insight on Power M&A and Project Financing

By the publisher of GlobalCapital

Q&A

Santosh Raikar, State Street – Pt I

Santosh Raikar, m.d. at **State Street Bank**, talks tax equity with *PFR* managing editor **Olivia Feld**. Page 9

MERGERS & ACQUISITIONS

Dominion Acquires Amazon Wind Farm

Dominion Energy has purchased an 80 MW solar project in Virginia, whose output will be bought by **Amazon Web Services**. Page 6

STRATEGIES

SunRun Launches $230M Aggregation Facility

The residential solar developer has launched a $230 million aggregation facility as it prepares for a second securitization. Page 8

Beleaguered SunEd Reviewing Acquisitions

Olivia Feld

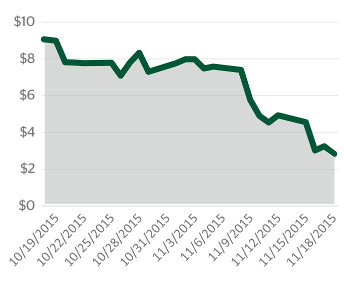
SunEdison may rewrite or scrap a number of planned acquisitions, as the company continues to grapple with a hammering in the stock market.

SunEdison's share price has dropped by 91% from $31.66 on July 20 to $2.86 on Nov. 19. The stock has been sliding downward since it announced its acquisition of Utah-based residential rooftop solar provider **Vivint Solar** (PFR, 7/20).

"I don't think anyone at SunEd knows why this is happening, why they were singled out. Other companies have taken a hit too, but nowhere near close to SunEdison," a deal watcher tells *PFR*.

The Bethesda, Md.-based company has said that it may look to renegotiate or terminate existing acquisition agreements. However, it remains confident that it will execute its pipeline of projects under development and has adequate funding or financing commitments in place to fund its announced acquisitions.

SunEdison Closing Share Price - 10/19 to 11/19



Source: Nasdaq

This year, SunEdison moved to expand its portfolio both in the U.S. and internationally by buying a larger number of projects.

In October, a deal to acquire **Latin American Power**, including its 984 MW portfolio of hydro, wind and solar projects in Peru and Chile, collapsed. SunEdison said that the agreement was terminated after LAP failed to satisfy condi- PAGE 7 »

Southern Power's Debut Green Bond Attracts New Investors

Richard Metcalf

Southern Co. subsidiary Southern Power attracted interest from investors who had not previously bought the company's debt securities when it became the first investment grade U.S. utility to issue a 'green' bond.

The proceeds are earmarked for projects that help meet environmental goals.

Southern Power's $1 billion issuance marks the arrival in the U.S. of a trend that has already begun to take hold in Europe, where French utility **GDF Suez** issued green bonds totaling €2.5 billion in May 2014. More recently, the Netherlands' **TenneT** issued a $1 billion green bond in May this year.

Like those issuers, Southern Power will allocate the proceeds of its green bonds to renewable energy projects. PAGE 9 »

ETP Wraps $1.16B for Waha Pipeline Duo

Olivia Feld

Energy Transfer Partners has raised $1.16 billion in two simultaneous deals backing a pair of natural gas pipelines that will connect the Waha hub in Texas to the Mexican border.

BBVA, **Mizuho**, **MUFG** and **SMBC** arranged the two deals for the Trans-Pecos and the Comanche Trail pipelines on Nov. 17. There was no des- PAGE 2 »

Rockland to Acquire NRG Gas-fired Facility

Fotios Tsarouhis

A subsidiary of **NRG Energy** is selling the 352 MW gas-fired **Shelby County Generating Station** in Neoga, Ill., to a company managed by **Rockland Capital**.

Shelby County Energy Center, a subsidiary of **Rockland Power Partners II**, agreed to acquire the project from **NRG Wholesale Generation** on Nov. 9, according to a PAGE 7 »

POWER UP: CHECK OUT A SELECTION OF THE WEEK'S POWER AND UTILITY NEWS ON TWITTER PAGE 9

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THE BUZZ

ETP Wraps $1.16B for Waha Pipeline Duo

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ignated left lead on either deal.

The Trans-Pecos Pipeline was financed with a $646.9 million loan, while the debt for the Comanche Trail Pipeline totaled $508.2 million. Both deals have 20-year tenors and priced at around 200 basis points over Libor, with multiple step ups.

"Deals like this aren't done too often, where you have two transactions which are essentially financed by the same counterparties at the same time, with the same group of lenders, closing at the same time," a deal watcher tells *PFR*. "To have twin style financing, I think that's very unique. I think that sets it apart."

ETP is developing the pipelines in a consortium with **MasTec** and **Grupo Carso** (PFR, 10/16). The **Comisión Federal de Electricidad** awarded the 25-year contracts in January. CFE will own 49% stakes in the projects when the contracts expire (PFR, 9/26/14).

"This consortium was able to bid and win on both of these pipelines. It speaks a lot to the caliber of the sponsors, their business sense and execution ability when working with CFE," the deal watcher adds.

The pipelines will originate at the Waha hub in northern Pecos County, Texas. The 143-mile Trans-Pecos pipeline will transport 1.35 billion cubic feet of gas a day to Presidio, Mexico. The project is slated to be in service by the end of the first quarter of 2017.

The 195-mile long Comanche Trail Pipeline will transport 1.45 billion cubic feet of gas a day to just south of El Paso, Mexico. That pipeline is expected to be operational by January 2017.

The two deals were launched together in September and were syndicated by the same joint lead arrangers on the same terms, deal watchers told PFR.

Milbank, **Tweed**, **Hadley & McCloy** acted as legal counsel to the lenders. **Shearman & Sterling** advised the sponsors.

A spokesperson for ETP in Dallas did not respond to an inquiry. Representatives for BBVA, Mizuho, MUFG Union Bank and SMBC in New York declined to comment. ■

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Do you have questions, comments or criticisms about a story that appeared in ***PFR***? Should we be covering more or less of a given area? The staff of ***PFR*** is committed as ever to evolving with the markets and we welcome your feedback.

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

GENERATION AUCTION & 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
ArcLight	Michigan Power (125 MW Gas)	Ludlington, Mich.		Rockland Capital has agreed to acqcuire the project with a group of minority investors (PFR, 10/26).
● ArcLight, Maine Public Employees Retirement System, Treasurer of the State of North Carolina, the State of Texas	Woodbridge Energy Center (725 MW Gas)	Middlesex County, N.J.		Investors are selling their combined 38.8% stakes in Competitive Power Ventures' project back to CPV. John Hancock and Toyota remain minority owners (see story, page 7).
CarVal Investors, Merrill Lynch Credit Products, Värde Partners, other financial investors	Granite Ridge (745 MW Gas)	Londonderry, N.H.		Calpine has launched a $550M secured loan to back its acquisition of Granite Ridge (PRF, 11/16).
● Community Energy	Amazon Solar Farm U.S. East (80 MW, Solar)	Accomack County, Va		Dominion Energy has acquired the project, which will sell power to Amazon Web Services (see story, page 6).
EDF EN Canada	Rivière-du-Moulin (350 MW Wind)	Fjord-du-Saguenay, Québec , Canada		Manulife, Industrial Alliance Insurance and Financial Services and Desjardins have purchased EDF EN Canada's stake in the project (PRF, 11/16).
DTE East China (DTE Energy)	East China (350 MW Gas)	East China, Mich.		DTE Electric, another affiliate of DTE Energy, acquired the facility for $69 million after an RFP process (PFR, 11/9).
Entergy Corp.	Rhode Island State Energy Center (583 MW Gas)	Johnston, R.I.		The Carlyle Group is raising $375 million of debt and contributing $207 million of sponsor equity to acquire the project (PRF, 11/16).
Fotovoltaica Los Prados	Los Prados (53 MW Solar)	Choluteca region, Honduras		Scatec and Norfund have acquired the project, which has an expected construction cost of $100 million (PFR, 11/2).
Greenleaf Power	Eel River Project (28 MW Biomass)	Humboldt County, California		Humboldt Redwood Co. has purchased the facility to generate steam and electricity to power its sawmill operations (PFR, 11/16).
IFM Investors	Portfolio (1.08MW Gas, Oil, Hydro)	U.S.	Morgan Stanley	IFM has launched the sale of its Essential Power portfolio (PFR, 8/31)
LS Power	Portfolio (4,300 MW Gas)	U.S.	Citi, Morgan Stanley	The auction for the assets is in an "extended second round" according to a deal watcher (PRF, 11/16).
MACH Gen creditor group	Athens (1.08 GW Gas)	Greene County, N.Y.		The deal has closed. Talen Energy pulled a planned $400M term loan B in connection with the $1.175B acquisition (PFR 10/23).
	Millenium (360 MW Gas)	Charlton, Mass.		
	Harquahala (1.092 GW Gas)	Maricopa County, Ariz.		
Northwest Power Services	Red River (52 MW Hydro)	Rapides Parish, La.		Private equity-owned FFP New Hydro has acquired the project (PFR, 11/9).
● NRG Energy	Shelby County Generating Station (352 MW Gas)	Neoga, Ill.		A subsidiary of NRG Energy is selling the project to a fund managed by Rockland Capital (see story, page 1).
● Olympus Power	York Haven Hydro Station (20 MW Hydro)	York County, Pa.		I Squared Capital subsidiary Cube Hydro Partners has purchased the project (see story, page 7).
Piedmont Natural Gas	Cardinal (Gas pipeline)	North Carolina	Barclays (buyer), Goldman Sachs (seller)	Duke Energy has acquired Piedmont Natural Gas for $4.9 billion (PFR, 11/2).
	Constitution (Gas pipeline, 24%)	Pennsylvania, New York		
	Atlantic Coast (Gas pipeline, 10%)	W. Virginia, Virginia, N. Carolina		
Solar Frontier Americas	Morelos del Sol (15 MW Solar)	Kern County, Calif.		Southern Power has acquired the project, which was part of a 280 MW solar portfolio that Solar Frontier bought from Gestamp Solar in April (PFR, 11/2).
Talen Energy	Ironwood (778 MW, Gas)	Lebanon, Pa.	Credit Suisse, Kirkland & Ellis (legal)	TransCanada has agreed to acquire the project for $654M following an auction (PFR, 10/12).
	Holtwood (252 MW, Hydro)	Holtwood, Pa.	RBC Capital Markets, Simpson Thacher & Bartlett (legal), Morrison & Foerster (legal, buyer)	Brookfield Renewable Energy and institutional partners have agreed to acquire the assets for $860 million (PFR, 10/12).
	Lake Wallenpaupack (40 MW Hydro)	Hawley, Pa.		
	C.P. Crane (399 MW Coal)	Middle River, Md.		Avenue Capital Group has agreed to acquire the project for $100M (PFR 10/23).
Talen Energy	Sapphire Portfolio (655 MW Gas, Oil)	New Jersey, Pennsylvania		Talen is taking bids for the assets and may sell any, all or none of them (PFR 10/19)
Tenaska Capital Management	Portfolio (4,900 MW Various)	U.S.	Barclays	Arclight has emerged as the buyer (PFR 10/19)

● **New or updated listing**

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

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
Ares EIF	St Joseph Energy Center (700 MW Gas)	New Carlisle, Ind.	BNP Paribas	Term	$400M	TBA	The deal has launched and price talk is 325bp over Libor (PFR, 10/5).
Competitive Power Ventures	Towantic (805 MW Gas)	Oxford, Conn.	GE EFS, ING, Natixis, MUFG, NordLB, Mizuho	Debt	TBA	TBA	The sponsor is in the market for debt and is in talks with the lenders listed here (PFR, 8/17).
Citizens Energy Corp, ClearGrid Energy	Portfolio (Capacity Unknown, Solar)	Massachusetts	TBA	Debt, Tax Equity	TBA	TBA	Sponsors will seek tax equity and debt financing for a number of community solar projects (PFR, 10/26).
● EDF Renewable Energy	Slate Creek Wind Project (150 MW Wind)	Sumner County, Kan.	TBA	Tax Equity	TBA	TBA	A subsidiary of EDF RE is selling tax equity in the 150 MW Slate Creek Wind Project to MUFG Union Bank (see story, page 5).
● Energy Transfer Partners	Trans-Pecos (143-mile Gas Pipeline)	Pecos County, Texas, to Presidio, Mexico	BBVA, Mizuho, MUFG, SMBC	TBA	$646.9M	20-yr	ETP has closed $1.16 billion in debt financing for two natural gas pipelines that will connect Texas' Waha hub to the Mexican border (see story, page 1).
● Energy Transfer Partners	Comanche Trail (195-mile Gas Pipeline)	Pecos County, Texas, to El Paso, Mexico	BBVA, Mizuho, MUFG, SMBC	TBA	$508.2M	20-yr	
Hunt Consolidated	Southline Transmission	New Mexico, Arizona	TBA	TBA	TBA	TBA	Hunt has cleared two major regulory hurdles towards financing its $800M project (PFR, 11/16).
Invenergy	Clear River (900 MW+ Gas)	Burrillville, R.I.	TBA	TBA	TBA	TBA	The project is slated to cost $700M to develop (PFR, 8/10).
LS Power	University Park North (540 MW Gas)	University Park, Ill.	TBA	TBA	TBA	TBA	LS Power is refinancing three gas-fired peakers that are part of larger portfolio of assets up for sale (PFR, 11/16).
	University Park South (300 MW Gas)	University Park, Ill.	TBA	TBA	TBA	TBA	
	Riverside (856 MW Gas)	Zelda, Ky.	TBA	TBA	TBA	TBA	
Magnolia LNG	Magnolia LNG (80 mtpa LNG)	Lake Charles District, La.	TBA	Debt	<=$3B	TBA	Teasers are likely to be sent out in early October (PFR, 8/10).
NextEra Energy	Carousel (150 MW Wind)	Kit Carson County, Colo.	JP Morgan, Wells Fargo	Tax Equity			JP Morgan and Wells Fargo are investing tax equity in the project (PFR 11/16).
NRG Energy	Carlsbad Energy Center (632 MW Gas)	Carlsbad, Calif.	TBA	TBA	TBA	TBA	The sponsor is "exploring financing options' for the $850M project (PFR, 11/9).
Panda Power Funds	Panda Sherman (1,200 MW Gas post expansion)	Grayson County, Texas	TBA	TBA	TBA	TBA	The 450 MW expansion project is pegged at a cost of $200M to $300M (PFR, 8/30).
Pattern Energy	St. Joseph (138 MW Wind)	Manitoba, Canada	TBA	TBA	TBA	TBA	Pattern is refinancing the project's 20-year loan sealed in 2010 (PFR, 11/9).
● Recurrent Energy	Astoria (100 MW Solar)	Kern County, Calif.	Santander, Nord LB, Rabobank, Key Bank, CIT Bank	Construction, Term Loan	$260M	TBA	Recurrent Energy has sealed $260M in debt and tax equity for the project, which has a 15-year PPA (see story, page 6).
			GE Energy Financial Services	Tax Equity	TBA	TBA	
● RET Capital	Coram (102 MW Wind)	Kern County, Calif.	Capital One	Tax Equity	TBA	TBA	Renewable Energy Trust Capital has requested authorization for a tax equity investment from Capital One for the project (see story, page 5).
● Rockland Capital	Michigan Power (125 MW Gas)	Ludington, Mich.	BNP Paribas	Term Loan	$216M	7-yr	Price talk on the term loan is said to be around Libor plus 375 basis points (see story, page 5).
				Credit Facility	$47M	5-yr	
sPower	Eden Solar (48 MW Solar)	Richmond County, N.C.	U.S. Bancorp	Tax Equity	$52.6 M	TBA	U.S. Bancorp has taken federal tax equity in the project (PFR, 10/26).
sPower	Latiga (62 MW Wind)	San Juan County, Utah	EFS Renewables	Tax Equity	TBA	TBA	sPower is seeking authorization for tax equity investments for a wind and solar project (PFR, 11/9).
sPower	Sandstone (45 MW Solar)	Florence. Ariz.	Wells Fargo	Tax Equity	TBA	TBA	
● Samsung	Windsor (50 MW Solar)	Windsor, Ontario	TBA	Tax Equity, Debt	TBA	TBA	Samsung Renewable Energy is seeking debt and equity financing for two Canadian solar projects (see story, page 6).
● Samsung	Southgate (50 MW Solar)	Grey County, Ontario	TBA	Tax Equity, Debt	TBAO	TBA	
● Star West Generation	Arlington (579 MW Gas), Griffith (570 MW Gas)	Arizona	TBA	Senior Secured Term Loan	$450 M	5-yr	Star West refinanced its portfolio to allow the sale of the GWF Energy portfolio to AltaGas (see story, page 5).

● **New or updated listing**

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

Star West Refinances Gas-fired Portfolio

Star West Generation has issued a $450 million 5-year senior secured term loan B package to allow the sale of a fleet of contracted assets in California to **AltaGas**.

The sale of the assets, known as the GWF Energy portfolio, was not allowed under the terms of Star West's previously existing loans, which will be repaid as part of the deal.

The **Highstar Capital** subsidiary has also obtained a new $100 million 5-year senior secured revolving credit facility as part of the package.

Standard & Poor's has given the new loans a B+ rating, one notch lower than Star West's previous loans, while **Moody's Investors Service** has lowered the rating of Star West's existing debt from Ba3 to B1, following a review, and given the proposed new loan a B1 rating.

AltaGas agreed to acquire GWF Energy for $642 million earlier this year. The portfolio comprises the 330 MW Tracy combined cycle facility in Stockton and two peakers in Kings County, the 97 MW Hanford facility and the 96 MW Henrietta plant (PFR, 9/23).

Once the sale has closed, Star West's portfolio will consist of two gas-fired facilities in Arizona, the 579 MW Arlington project in Arlington and the 570 MW Griffith facility in Kingman. The transaction is expected to close toward the end of the year.

Star West will use the proceeds of the sale along with its new term loan to repay its existing $693 million term loan B and refinance its two remaining assets.

Following the refinancing, Star West's high leverage ratios will be consistent with a B rating, according to Moody's. Risks surrounding the possible extension of tolling agreements at Star West's two remaining facilities will present challenges to future refinancings, the rating agency adds.

AltaGas has issued $300 million of equity to fund the acquisition. The Calgary, Alberta-based company modeled the transaction on a 40/60 basis, says a spokesperson.

Further details of Star West's refinancing, such as the lead arrangers, could not be confirmed. ■

RET Capital Lines up Tax Equity for California Wind Project

Renewable Energy Trust Capital has requested authorization for a tax equity investment in its 102 MW Coram wind project in Kern County, Calif.

Capital One or an affiliate will acquire 100% of a passive class of membership interests in an indirect parent company of the project, in the transaction described in paperwork filed with the U.S. **Federal Energy Regulatory Commission**.

The deal relates to operating losses incurred by the project and not the production tax credit for wind generation which expired at the end of 2014, a person familiar with the deal tells *PFR*.

RET Capital will remain the indirect owner of all of the controlling class B membership interests in the project.

Coram sells 100% of its generation to **Pacific Gas and Electric Co**. under a 20-year power purchase agreement.

The project was RET Capital's first wind acquisition when it bought the project from **Brookfield Renewable Energy Partners** earlier this year. RET Capital's ceo, **John Bohn**, told *PFR* in July that the company was planning more wind acquisitions in North America (PFR, 7/8).

After acquiring Coram, RET Capital refinanced the debt associated with the project, extending its tenor and obtaining more favorable pricing, says the source. **MUFG Union Bank** arranged the refinancing. ■

EDF RE to Sell Tax Equity in Kansas Wind Project

A subsidiary of **EDF Renewable Energy** is seeking to sell tax equity in the company's 150 MW Slate Creek wind project in Sumner County, Kan. to **MUFG Union Bank** or one of its affiliates and at least one additional investor, according to a filing with the U.S. **Federal Energy Regulatory Commission**.

The under-construction project will sell generation to **Kansas City Power & Light Co.** under a long-term power purchase agreement. It will be interconnected to the transmission system owned by **Westar Energy** and operated by the **Southwest Power Pool**.

Slate Creek intends to close the tax equity transaction on or before Dec. 15, 2015.

Terms of the deal, such as the size of the investment, could not immediately be learned. ■

Price Talk Emerges on Rockland Refi

Initial price talk on the **Rockland Capital** refinancing of the 125 MW Michigan Power project is around 375 basis points over Libor, a deal watcher tells *PFR*.

BNP Paribas is arranging the $263 million package, made up of a $216 million seven-year senior secured term loan and a $47 million five-year revolving credit facility (PFR, 11/12).

A subsidiary of The Woodlands, Texas-based Rockland is acquiring the gas-fired cogeneration facility in Ludington, Mich., from **Arclight Capital Partners** (PFR, 10/22). The acquisition is slated to close before the end of the year.

Proceeds from the term loan will be used to partly fund the acquisition and related costs, according to a **Moody's Investors Service** report published on Nov. 12. The agency has assigned the offering a Ba2 rating with a stable outlook.

Consumers Energy Co. has a power purchase agreement with Michigan Power and **Occidental Chemical Corp**. has a contract to buy the project's steam and compressed air for its Ludington plant. ■

PROJECT FINANCE

Recurrent Closes Latest in Spate of Solar Financings

Recurrent Energy has sealed debt and tax equity for the 100 MW Astoria solar project in Kern County, Calif., during a busy spell for the San Francisco-based sponsor.

Santander is coordinating lead arranger in a club deal that includes **Nord LB**, **Rabobank**, **Key Bank**, and **CIT Bank**. The lenders are providing a total of around $260 million in project level construction debt, a letter of credit facility and a back leveraged term loan facility. **GE Energy Financial Services** is investing tax equity in the project.

Pacific Gas and Electric Company has a 15-year power purchase agreement with Astoria, which is slated to be online in 2019.

Recurrent is developing the adjacent 75 MW Astoria 2 solar project and expects to close financing before the end of the year. **The City of Lodi**, Calif., signed a 20-year power purchase agreement with Astoria 2, which is due to be online in 2017 (PFR, 7/3/14).

The **Canadian Solar** subsidiary has closed three other deals backing solar projects since September. Many of banks involved in the Astoria deal also participated in debt financings for the 60 MW Barren Ridge project in Kern County, the 200 MW Tranquility project in Fresno County and the 100 MW Mustang project in Kings County, all in in California (PFR, 11/3), (PFR, 9/10), (PFR, 9/9).

Representatives for Recurrent in San Francisco, Santander in Boston and GE in San Francisco either declined to comment or did not respond immediately to inquiries. ■

Samsung Hunts Financing for 100 MW of Solar Projects

Samsung Renewable Energy is looking for debt and equity for two 50 MW solar projects in Ontario, Canada.

The Mississauga, Ontario-headquartered developer is in the process of assigning joint lead arrangers on a debt financing backing the 50 MW Windsor solar project in Windsor and the 50 MW Southgate solar project in Southgate, Grey County.

Both debt and equity financings are slated to close by the end of the year, a deal watcher tells *PFR*. The two projects have 20-year power purchase agreements with the **Ontario Independent Electricity System Operator**.

Connor, Clark & Lunn Infrastructure took minority equity stakes in and advised Samsung on the financing of its two other solar projects in Ontario, the 100 MW Grand Renewable Energy Park in Haldimand County and the 100 MW Sol-Luce Kingston solar project in Kingston and Loyalist Township (PFR, 10/31/13) (PFR, 7/18/14).

Samsung has developed five wind projects in Ontario with **Pattern Development Group**. Most recently, ten banks backed the 180 MW Armow wind project in Kincardine, Ontario, with a C$433 million ($385.7 million) loan that priced at 162.5 basis points over Libor (PFR, 10/28/14).

The size of the debt financing, proportion of equity for sale and whether Samsung is using a financial advisor could not be established. A spokesperson for Samsung in Toronto declined to comment. ■

MERGERS & ACQUISITIONS

Dominion Buys Solar Facility with Amazon Offtake Agreement

Dominion Energy has announced the acquisition of an 80 MW solar project in Accomack Casounty, Va. from Radnor, Pa. based developer **Community Energy**. The facility has an offtake agreement with **Amazon Web Services**.

The Amazon Solar Farm U.S. East, expected to come online in fall 2016, will help the Amazon subsidiary to meet its target to source 40% of its energy needs from renewables by the end of 2016, according to a statement. In the long term, the company aims to power its data centers with 100% renewable energy.

Dominion Virginia Power, a subsidiary of Dominion Energy, requested authorization for a special rate contract between it and AWS in paperwork filed with the **Virginia State Corporation Commission** on Sept. 21.

The base contract will last initially until the end of 2020, after which it will be extended in one-year increments unless terminated with notice.

AWS is in the process of joining **PJM Interconnection**, and plans to resell the generation from the solar project into the PJM market.

Dominion will manage AWS's wholesale energy transactions in PJM under an energy management services agreement.

FAST FACT

40%

Amazon Web Services aims to acquire enough renewable energy to meet 40% of its data centers' needs by the end of 2016

The Virginia SCC has ordered a public hearing on the application for Dec. 15.

AWS has also signed offtake agreements with **Iberdrola**'s Amazon Wind Farm US East in Perquimans and Pasquotank counties, N.C., and **Pattern Energy**'s Amazon Wind Farm Fowler Ridge in Benton County, Ind.

The Amazon Solar Farm US East project is expected to qualify for the federal solar investment tax credit before it decreases from 30% to 10% at the end of next year.

Dominion, a subsidiary of Richmond, Va.-based **Dominion Resources**, has a 24.4 GW portfolio of generation assets, including 425 MW of solar generating capacity in operation or expected to launch before year's end.

The purchase price paid by Dominion could not immediately be learned. Representatives from Dominion and Community Energy could not be reached for comment. ■

MERGERS & ACQUISITIONS

Beleaguered SunEd Reviewing Acquisitions

« FROM PAGE 1 tions necessary for the share purchase agreement (PFR, 10/8).

The company is now seeking to redesign deals that did not close with LAP and others, said **Ahmad Chatila**, president, ceo and director of SunEdison in the company's third quarter earnings call on Nov. 10.

In July, SunEdison and TerraForm Power together acquired a 930 MW wind portfolio for $2 billion from Chicago-based developer **Invenergy** (PFR, 7/7).

Later in the same month, SunEdison announced it was buying **Renova Energia**'s operating wind, solar and hydro assets in Brazil totaling 830 MW for R$1.6 billion ($496 million) (PFR, 7/8).

And as recently as September, the company announced the acquisition of a 33% stake in a 425 MW solar portfolio from **Dominion Resources** for around $300 million (PFR, 9/9).

Despite challenging market conditions, the cost of capital and access to it has not changed, said **Brian Wuebbels**, SunEdison's executive v.p. and cfo, on the third quarter earnings call, adding that the majority of the construction capital needed for 2016 has already either been committed, signed or is in place.

In October, the company unveiled a new strategy to sell assets to third parties or transfer them to one of its four warehouses instead of dropping almost all of them into its yield companies (PFR, 10/8).

With a number of renewable assets likely to be sold, privately owned companies and funds are likely to step into the void left by the yieldcos, says the deal watcher. "A lot funds are hoping that this means that they can play again," he says. "For the last year and a half they've not been able to, returns have been too low. Private companies are hoping to play once again."

Officials at SunEdison did not respond to requests for comment. ■

Investors to Sell Stakes in CPV Gas-fired Project

A group of investors including an **ArcLight Energy Partners** fund are selling their combined 38.8% stakes in **Competitive Power Ventures**' 725 MW gas-fired Woodbridge Energy Center in Middlesex County, N.J., back to CPV, according to a Nov. 10 filing with the U.S. **Federal Energy Regulatory Commission**.

With the acquisition, CPV's indirect stake in the project will increase from 18.75% to 57.53%.

The investor group selling its interest in the project comprises **ArcLight Energy Partners Fund V**, the **Maine Public Employees Retirement System**, the **Treasurer of the State of North Carolina**, and an investment vehicle of the **State of Texas**.

John Hancock Life Insurance and **Toyota** will remain minority owners of the project, with about 11.2% and 31.3% interests respectively.

CPV Shore, a wholly-owned indirect subsidiary of CPV, is constructing the facility, which will be interconnected to transmission facilities owned by **Jersey Central Power & Light Co.**

Another CPV subsidiary, **CPV Maryland**, is building a 725 MW gas-fired facility in Charles County, Md. and interconnected to transmission facilities owned by **Potomac Electric Power Co.**

CPV is indirectly owned by several funds of **Global Infrastructure Partners**.

Officials at CPV were not immediately available to comment. ■

FAST FACT

57.53%

CPV's stake in the project following the proposed transaction

Rockland to Acquire NRG Gas-fired Facility in Illinois

« FROM PAGE 1 filing with the U.S. **Federal Energy Regulatory Commission**.

NRG announced that it would use the proceeds of asset sales to pay for share repurchases and debt repayments as part of a plan to trim $1.3 billion from the company's balance sheet in September (PFR, 9/21).

Rockland recently agreed to acquire the 125 MW gas-fired Michigan Power facility from **Arclight Capital Partners** (PFR, 10/22).

Shelby County and Michigan both serve the **Midcontinent Independent System Operator**.

The purchase price for Shelby County could not be learned. Representatives from NRG and Rockland Capital were unavailable for comment. ■

I Squared Capital Subsidiary Buys Pennsylvania Hydro Project

Cube Hydro Partners, a subsidiary of global infrastructure investment manager **I Squared Capital**, has purchased the York Haven Hydro Station from Morristown, N.J.-based **Olympus Power**.

The acquisition of the 20 MW hydro facility on the Susquehanna River in York County, Pa. brings the total capacity of Cube's portfolio to 126 MW. The hydro generator owns and operates facilities in New York, Pennsylvania, Virginia and West Virginia.

"We are excited to expand our presence in the PJM market to include York Haven," said **Kristina Johnson**, the ceo of Cube Hydro and a former U.S. undersecretary of energy, in a statement. "It is one of the oldest and best run hydro power plants in the U.S. with a long history of generating clean, carbon-free and reliable electricity."

Cube Hydro is a portfolio company of I Squared Capital's Global Infrastructure Fund, which closed at $3 billion earlier this year (PFR, 4/21).

In October, Cube Hydro announced the closing of a $140 million issuance of 4.75% 10-year senior secured notes in a private placement. ■

STRATEGIES

S&P Downgrades TerraForm Power

Standard & Poor's has downgraded **SunEdison**'s developed market yield company TerraForm Power to B+ and warned that the rating could fall further.

The rating agency highlights the yieldco's existing commitments to purchase assets in difficult market conditions, which it says could affect TerraForm Power's funding options and have an impact on its credit metrics.

"Depending on the funding mechanisms TERP ultimately uses to finance pending acquisitions, we could lower the rating by up to an additional two notches," wrote **Nora Pickens** and **Aneesh Prabhu**, the S&P analysts who authored the Nov. 16 report.

The outlook on TerraForm Power's rating from S&P remains negative. The borrower also has a Ba3 rating from **Moody's Investors Service**, which changed the outlook from positive to stable in October.

TerraForm expects its acquisitions of a 930 MW portfolio of wind assets from **Invenergy** and 523 MW of residential solar assets from **Vivint Solar** to close later this year or in the first quarter of 2016. The deals have an aggregate value of $3 billion, according to TerraForm's third quarter report.

The yieldco issued a $300 million 10-year bond in July which will go toward funding the $1.9 billion Invenergy acquisition. The final funding structure is expected to comprise debt, drawings on TerraForm's revolving credit facility, cash on hand and a warehouse facility, similar in structure to other third-party deals done by SunEdison.

TERP puts the price of its acquisition of the Vivint residential solar assets from SunEdison at up to $922 million, and says it is contemplating securitizing or selling all or some of the portfolio, depending on market conditions.

The beating that yieldcos like TerraForm have taken in the equity markets over recent months has increased the likelihood that the company will fund the acquisitions primarily with debt, in the view of the S&P analysts.

TerraForm's share price, along with those of other yieldcos, has fallen dramatically since June, when it was around $40. On Nov. 11, the stock closed at $10.32 a share.

"In the event the company is unable to raise equity to balance its incremental debt load, leverage and debt service ratios could weaken materially," wrote the S&P analysts, adding that further downgrades could follow if TerraForm's debt rises above five times Ebitda.

Spokespeople for Bethesda, Md.-headquartered TerraForm Power did not respond to a request for comment. ■

Silver Lake Fund to Invest $100M in SolarCity

A fund managed by private equity firm Silver Lake has agreed to invest $100 million in zero coupon convertible senior notes issued by SolarCity, alongside smaller investments by senior SolarCity officials.

Elon Musk, the rooftop solar developer's chairman, will invest $10 million, while **Lyndon Rive**, the company's ceo, will invest $3 million.

The zero coupon notes are senior unsecured obligations that are expected to be convertible into SolarCity common stock at a rate equivalent to an initial conversion price of $33 a share. The notes are expected to mature in December 2020, unless they are converted, redeemed or repurchased.

SolarCity's share price has suffered since it announced in its third quarter financial report that it would focus on cost reductions and cash flow, and would not be targeting the same growth rates it had seen in the past. The company stated that its aim was to achieve positive cash flow by the end of 2016 as it prepares for the planned expiration of the solar investment tax credit in 2017.

The company's stock lost about 20% of its value on Oct. 30, the day after the report, falling from about $38.07 a share to $29.65.

By Nov. 17, the day before SolarCity announced the investment by Silver Lake, the price had dipped further, reaching $26. The stock rallied on the news of the investment to close at $27.75 on Nov. 18.

It is not the first time the fund, **Silver Lake Kraftwerk**, has invested in SolarCity. In February 2012 the Menlo Park, Calif.,-based fund co-led an $81 million equity financing for the firm alongside Chicago-based **Valor Equity Partners**. SLK contributed more than $25 million to the financing, and divested in September 2013. ■

SunRun Issues $230M in Preparation for Second Securitization

SunRun launched a $230 million aggregation facility last week in a deal arranged by **Investec** in preparation for a second securitization.

The five-year loan will act as interim financing for the residential rooftop solar provider while the company builds the size of its portfolio, a deal watcher tells *PFR*. The facility is slated to wrap by the end of the year.

Credit Suisse arranged SunRun's inaugural $111 million asset backed securitization in June. The sponsor has not assigned an arranger on its next ABS deal yet, adds the deal watcher.

Investec closed a $195 million refinancing backing a portfolio of SunRun solar installations in January (PFR, 1/9). The refinancing took out roughly $140 million of debt arranged by **Ares Capital Corp**. (PFR, 11/11/13).

The San Francisco-based company went public in August, pricing its initial public offering at $14 a share. The stock price has since fallen 52% to close at $6.69 on Tuesday.

SunRun customers enter into either a power purchase agreement or a lease for residential rooftop solar panels.

A spokesperson for SunRun in San Francisco did not respond to inquiries. Representative of Investec and Credit Suisse in New York declined to comment. ■

STRATEGIES

Southern Power's Debut Green Bond Attracts New Investors

« FROM PAGE 1

Southern Power will update investors annually on the allocation of the proceeds via a special website, according to a prospectus filed with the U.S. **Securities and Exchange Commission**. An independent audit firm will attest the company's claims regarding the allocations.

Southern Power owns, manages or is developing 21 solar and wind projects totaling about 1,550 MW in the U.S.

GREEN FRONT

Green bonds offer companies an opportunity to publicize their environmentally friendly activities, widen their investor bases and potentially even reduce their overall cost of capital, say advocates of the product.

"For many of the issuers that come with green bonds, they're looking to showcase to fixed income investors what it is they're already doing on the green front, because they realize that their internal focus aligns with the focus of the investor base," says **Suzanne Buchta**, m.d., green bonds, at **Bank of America Merrill Lynch**, the lead green structuring agent on the senior unsecured bond.

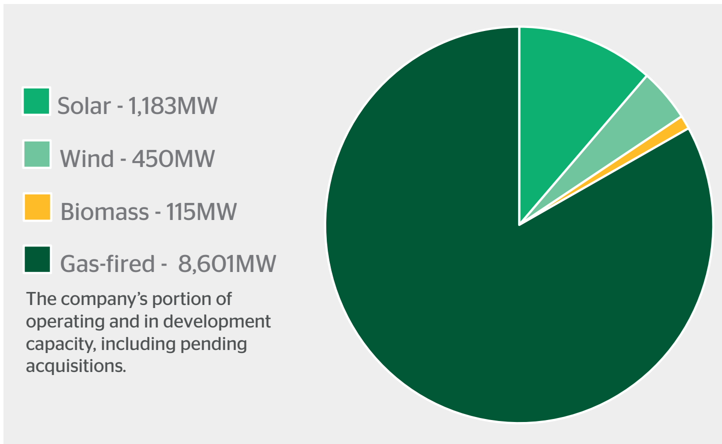
Suzanne Buchta

BAML, **Barclays**, **Mizuho Securities**, **Morgan Stanley** and **MUFG** were the bookrunners.

OVERSUBSCRIBED

The deal was announced on Nov. 12 as a $750 million dual-tranche bond, with initial price thoughts of 130 basis points area over Treasuries for a proposed $250 million two-year tranche and 210 bps over for a $500 million 10-year note.

Southern Power's generation portfolio



Source: Southern Power bond prospectus

Both tranches were quickly oversubscribed, and guidance was set at 105 bps area and 190 bps area, a dramatic tightening from initial price thoughts.

At the guidance stage, the leads were indicating to the market that the transaction would not grow, but in response to the level of oversubscription, Southern Power ultimately decided to increase the size of the two-year bond to $500 million.

The two-year tranche was priced at 100 bps over Treasuries and the 10-year at 185 bps. The coupons were set at 1.85% and 4.15% respectively.

The deal attracted investors who had not previously bought Southern Power's bonds, says **Tom Croft**, director of debt capital markets at BAML. "They [Southern Company] are a very frequent funder, so they're always looking for ways to diversify their investor base, and I think they thought this was a way to reach out and expand beyond the investors that normally look at this [Southern Power] credit," he adds.

As well as being Southern Power's first green bond, it was also the first time the company's bonds had been offered to non-U.S. investors, and many of the first-time investors were from Europe.

"The beauty of green bonds," says Buchta, "is that when the investors feel confident that the projects are green, and that the issuer is already investing in these types of things and has a pipeline which will use up the bond proceeds, green investors are willing to spend a little more time and do a little more work on either a new name, or a name from a region that they would not normally invest in, or in a currency they may not normally invest in."

"It's certainly my opinion that Southern Power saved money by issuing a green bond versus issuing a non-green bond."

PRICING ADVANTAGE?

Besides marketing their green activities and broadening their investor base, issuers of green bonds may also obtain better pricing, although this is difficult to establish beyond doubt.

"It's certainly my opinion that Southern Power saved money by issuing a green bond versus issuing a non-green bond," says Croft.

Of the five utility issuers in the bond market on Nov. 12, Southern Power won the largest order books, according to a banker at one of the bookrunners. The other issuers were **Consolidated Edison**, **Dominion Gas Holdings**, **Sempra Energy** and **Commonwealth Edison**. The exact size of Southern Power's order books was not disclosed.

MORE TO COME

Southern Power may be the first investment grade U.S. utility to issue a green bond, but supporters of the asset class hope it will not be the last. "In our minds, this transaction is directly translatable to a number of other U.S. utilities that have similar spending profiles," says Buchta.

"There's definitely interest" adds Croft. "We're hopeful that this could lead to future issuance."

A bond syndicate banker who was not involved in the deal agrees. "It only grows the buyer base out there," he says. "I think those that can do it, will continue to do it."

Officials at Southern Power were not immediately available to comment. ■

Q&A: SANTOSH RAIKAR, STATE STREET

Q&A: Santosh Raikar, State Street

With tax credits for renewable project development drawing to a close, the competition between tax equity investors is intensifying. **State Street Bank** has committed around $1 billion in tax equity investments in in the last three years. **Santosh Raikar** has been m.d., renewable energy investments, at the Boston-based bank since January 2012. He leads a team that originates and executes tax equity deals, in addition to managing the performance of existing investments. Previously, Raikar worked on the sponsor side, first as project finance director at Energy Conversion Devices and then as a v.p. in corporate development at Solyndra. Prior to this, he was a v.p. at Deutsche Bank and Lehman Brothers. Raikar spoke with *PFR* managing editor **Olivia Feld** about finding financeable projects amid a lack of suitable deals and an influx of new players to the market.

Santosh Raikar

PFR: Tell me about State Street's history of involvement in the tax equity market?

State Street has been an investor in the renewable energy sector since 1992. We are one of the oldest tax-equity investors — very few people know that except for the people who have been investing that long. Moreover, we have made investments in each of those intervening years to date. I joined in January 2012 and we have closed 15 deals and committed roughly $1 billion in investment commitments.

PFR: How strong is State Street's appetite for more tax equity deals?

We have been originating and doing roughly four to five transactions a year on an average, but we can do a lot more. Our abilities have been hurt not so much by our tax appetite or bandwidth, but more by the lack of deal flow. We don't see an influx of good quality deals in the market and that prohibits us from doing more deals than we have appetite for.

Our portfolio right now is 50% wind and 50% solar, roughly speaking. We would like to increase the solar concentration because if you really look from the accounting perspective, from the earnings profile, from the credit delivery and the size of our team, solar serves our appetite and our needs better than wind deals.

PFR: How would you define a high quality deal? What are the parameters for that?

It differs between the wind and the solar. On the wind side, we really want to deal with sponsors who have a lot of experience in operating large wind farms. If you look into our track record, which is fairly public, we have done mostly transactions with European utilities. In the U.S. we have done business with NextEra and other large developers with significant experience in developing and operating wind farms. Most of these counterparties happen to have strong balance sheets.

For the wind sector we would like to continue doing business the same way. We could do business with the financial sponsors, we regularly entertain inquiries from the financial sponsors, mostly private equity shops and infrastructure investors. They don't necessarily have direct operating experience themselves but they have the financial acumen and the due-diligence process to make investments in the sector in a way that aligns with our interests.

"They need to show that they have a strong pipeline that potentially can get us repeat business. That is an important criterion for us."

On the solar side, on the contrary, we don't have as high expectations or requirements in terms of the operating experience. We do want the developer to have a solid track record, particularly on the financial side, and we look at the solar deals more on the non-recourse basis, for example, so we are not relying heavily on the sponsor quality and creditworthiness. Due to the fragmented nature of the solar industry, it is unlikely we would have the same quality of developers as in the wind sector. By virtue of these factors and the fact that ITC deals have lower reliance on project performance, we can be more flexible in the solar sector than the wind sector.

PFR: What kind of sponsor do you look to work with? Do they necessarily need to be investment grade developers?

My point was, no one in the solar sector, unless they're coming from the wind sector, is investment grade. The pure play solar developers — some of them are public, most of them are not — don't have the investment grade credit rating we would like them to have.

What we need is basically two things: One is showing us that they have closed financial transactions. Particularly if you are looking at the utility-scale sector, they need to show that they have closed sizeable transactions, by virtue of developing, constructing and operating sizeable projects. Our investment appetite is significant. On the solar side, we can put up sizeable capital to work in a single transaction. Therefore, the developers need to show that they can execute tax equity transactions of similar size. It doesn't mean they need to show they have done exactly the same amount or larger but they need to demonstrate the capability.

The second thing is they need to show that they have a strong pipeline that potentially can get us repeat business, and that is an important criterion for us because we are a small team so we want to build up on our relationships and do repeat transactions. I'll tell you something:

I've been on the road for the past two months, and I've been trying to gin up interest among developers and all I'm saying to the developers is that if a standalone utility scale project is not available, we will consider a portfolio of smaller projects. But we will need to meet the investment minimum for the portfolio to be considered for investment. You'll find it interesting that I am finding it difficult to get that type of portfolio.

PFR: Do you think the market is heating up in terms of greater competition for those deals?

The tax equity market has become more liquid recently because of the new entrants. There are always smaller deals that are done in bilateral fashion and that particular segment of the market has expanded because of the general publicity about solar and people knowing what works and what doesn't work. A lot of times I go to the conferences and I hear that tax equity is the biggest elephant in the room and there is so much of a supply constraint. Some of that is true. But the market is a lot more liquid than it used to be, and the real challenge now is not so much about the supply of tax equity, but really the quality of the projects and finding good projects that are financeable.

PFR: Some smaller-size sponsors tell me that they struggle to get tax equity investment. How would you respond to their claim that it's the bigger, more established sponsors that scoop the investments and the smaller shops lose out?

It is true that the smaller ones are finding it difficult, but the reason is not the size alone. Many times we find that power purchase agreements have issues that are difficult to rectify within the time frame to achieve a financial close. Some of these deficiencies are found at a later stage because developers just competed and got the PPA without paying attention to what they were signing up for, and they didn't think about the bankability per se, and then they have a problem.

The second issue is the pipeline. There are very few developers, and I am not looking at the highly creditworthy developers here, who can give a consistent pipeline which fits the criteria.

Third, many times developers are chasing something that is not available in the market. For example, many times we get inquiries for levered partnership flip transactions. Now, how many deals are done on levered basis? These deals tend to be small and are usually done by high net worth individuals or smaller corporates who have a limited amount of tax appetite. Most of the mainstream market is geared towards back-leverage, because back-leverage works when sophisticated lenders get involved who can get their arms around such a structure.

Fourth, developers tend to over-optimize each transaction. What it means is that they are looking for every penny that they can squeeze out of each transaction. I am not suggesting that you shouldn't have an economically efficient transaction. Instead, what I am saying is that if you're a developer, you should take a broader vision and try to make money on a 200 MW, 400 MW, 1,000 MW portfolio as opposed to your small $50 million project, because if you are spending your time, energy and resources on optimizing a $50 million tax equity transaction, you'll never get to work with a size that will allow you to access to mainstream tax equity investors.

> **"Whenever we look at utility scale projects, we spend a lot of time scrutinizing whether this deal is going to close."**

Fifth, many times the sponsors just get tired. Closing a tax equity deal with a lender, whether a construction loan or back-leverage, is not an easy feat, but the developers want to go through the process, they want to be the sponsor and the cash equity owner. But when they go through the process they find the process beyond their capability and they flip the project, which means they sell it to a larger sponsor. They don't have the endurance to weather the pain of working a deal through the financing process and then they lose heart. I am not suggesting that this happens only with small developers. Even the larger, more established developers flip projects. We work with someone with a good intent and then they switch the course, and they say: "Sorry for two months of work. We'll pay for the expenses but we'll sell the project to someone else."

PFR: SunEdison and its yield companies are pausing their acquisition pipeline, and there could be other yieldcos following in their footsteps. How does that impact your deal flow?

There are a lot of things happening in the market, and I don't want to necessarily name the names, so I will put this in a broader context. Whenever there is a deal that we are working on, let us say that the sponsor changes the course, then oftentimes one of two things happens: They sell it to a strategic sponsor who does not need tax equity, and therefore we are out of the door. Alternatively, they go to a sponsor who has their own financing plan around tax equity and therefore all the work that we have done is basically thrown out of the window. Now, once in a while we may get lucky and the new acquirer might say, "Oh, State Street has worked on this project and therefore I would like to continue that the process," but that happens rarely and by the time we reengage, the terms could change to the point that we might not have the same interest, or by then we have diverted our attention to another deal, and therefore lose the focus that we had before.

PFR: Is that something you are concerned might be happening more often?

Yes and no. It has happened to me personally and to our firm enough times that whenever we look at utility scale projects, we spend a lot of time scrutinizing whether this deal is going to close. What's happening now is that the impending ITC step-down is forcing developers into realistic expectations because they don't have a lot of runway. Earlier this year they had more than a year to play the optimization game, to get the most economic benefits to themselves. Now they don't have the luxury of time, which I think makes the scales a lot more balanced because you have to do something now or else you're going to miss the timeline. ■

Check back next week for the second installment of this Q&A.

STRATEGIES

Duke Hits Size Target with $1B Bond

Duke Energy raised the $1 billion it was seeking with a dual tranche bond deal on Nov. 10, despite some investors declining the deal amid expectations of future issuance.

Both tranches, a $400 million tap of Duke's existing 3.75% series maturing in 2024, and a $600 million 30-year, were priced squarely in the middle of initial price thoughts.

"It was announced as a benchmark deal and they were looking for a billion in all, more on the 30-year tranche than the 8.5-year, so they got that," said a banker at one of the bookrunners, **JP Morgan**, **Mitsubishi UFJ Financial Group**, **Morgan Stanley** and **Scotiabank**.

Duke's deal faced some headwinds with investors who already had plenty of the Charlotte, N.C.-based utility's paper in their portfolios, said another banker at one of the leads. "Also, Duke has a planned acquisition financing coming up next year, and I think some investors that declined the deal said they would rather wait for that," he added, referring to the company's recently announced $4.9 billion acquisition of **Piedmont Natural Gas**.

Duke intends to finance the acquisition by issuing between $500 million and $750 million of new shares, raising debt and using other cash sources. **Barclays** is underwriting a bridge loan.

The first banker agreed that the expectation of more issuance from Duke next year could have affected demand. "I think that's why you saw FPL have better pricing leverage. There was potential future supply overhang on Duke," he said, referring to **Florida Power & Light**'s $600 million 10-year first mortgage bond, which was priced at the tight end of initial price thoughts on the same day (see story, below). FPL's deal might also have found stronger support thanks to its secured nature, he added.

The main rating agencies reacted unfavorably to the announcement of the Piedmont deal in October. **Standard & Poor's** changed the outlook on Duke's rating from stable to negative, **Moody's Investors Service** placed the borrower on review for downgrade and Fitch Ratings put the company's rating on Rating Watch Negative on Oct. 27. Duke's ratings from the three agencies are A-, A3 and BBB+ respectively (PFR, 10/27).

The bookrunners launched the 8.5-year and 30-year bonds with initial price thoughts of 135 basis points area and 175 bps area over U.S. Treasuries. Guidance was 135 bps and 175 bps, and the bonds were priced at those spreads. The first banker said that the pricing implied no new issue concession.

Duke plans to use the proceeds of the bonds to repay commercial paper and its subsidiary **Progress Energy**'s $300 million senior notes due in January, which carry a 5.625% coupon.

Officials at Duke in Charlotte were not immediately available to comment.

FAST FACT

$4.9B

Duke has agreed to pay $4.9 billion for its acquisition of Piedmont Natural Gas.

FPL Prices Tight 10-Year First Mortgage Bond

NextEra Energy-owned utility **Florida Power & Light** issued a $600 million 10-year first mortgage bond on Nov. 10, pricing the deal arguably inside its curve.

FPL launched the no-grow transaction into a "constructive" market, according to a banker at one of the bookrunners, **BNP Paribas**, **JP Morgan**, **Mitsubishi UFJ Financial Group**, **Scotiabank**, **TD Securities** and **USB**.

"All the FMB issuances recently have gone well," he said. "The market was expecting strong utility supply and frankly, whether FMBs or non-FMBS, utility trades have gone pretty well this year."

The leads went out in the morning with initial price thoughts of 90 basis points area over U.S. Treasuries, and priced the deal at 87.5 bps. A second banker at one of the leads said that implied a new issue concession of -3 bps. The 3.125% coupon was the second tightest on a 10-year bond issued by a U.S. utility in the last 50 years, he added.

Juno Beach, Fla.-headquartered FPL will use the proceeds of the bond to repay or refinance debt and for general corporate purposes.

In September, the utility company repurchased $400 million of bonds spread across 10 series with maturities ranging from 2033 to 2037 and interest rates from 5.4% to 6.2%. JP Morgan was the dealer manager for the tender offer.

FPL is rated A1, A- and A by **Moody's Investors Service**, **Standard & Poor's** and **Fitch Ratings**. Its first mortgage bonds are rated Aa2, A and AA-.

ONE YEAR AGO

SunEdison and its yield company, **TerraForm Power**, branched out of the solar sector with their $2.4 billion acquisition of **First Wind**, including 521 MW of operating wind assets. [SunEdison is reviewing more recent acquisitions and TerraForm Power was downgraded by Standard & Poor's last week amid challenging market conditions for yieldcos (see stories, page 1 and page 9).]

QUOTE OF THE WEEK

"It's certainly my opinion that Southern Power saved money by issuing a green bond versus issuing a non-green bond."

Tom Croft, director of debt capital markets at **Bank of America Merrill Lynch**, the lead green structuring agent and joint-bookrunner on the **Southern Co.** subsidiary's debut green bond (see story, page 1).

