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Tenaska Plans Affiliate Stake Sell-Off

Tenaska Energy is planning to sell a share in **Tenaska Marketing Ventures** after buying back a 50% stake in the company from **American International Group**.

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GE ENERGY EYES STAFFING CUTS

GE Energy Financial Services is reportedly considering cutting roughly 20% of its employees amidst a restructuring of **GE Capital**. As reported on *PFR's* Web site last Thursday, the cuts are expected in the first two weeks of January. "It's a core business for GE, but it's pretty well known they will be making cuts," says an industry official close to the team of some 300 employees.

The renewables and equities teams are likely to be among the first on the chopping block. A lack of tax appetite in the near term means there is little need for tax equity investments. In October, the company said it would halt those investments in renewables. In the past, GE EFS has invested more than \$4 billion in renewable energy assets. Equity investments are not as attractive as debt investments in terms of yield. "Debt has more of an immediate return," says the official. "Equity investments tend to be three, four years before you get your income."

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Pre-emptive Strike

CONSTELLATION PLANS ASSET SALE

Constellation Energy Group is planning to sell assets, including a 200 MW gas-fired facility, to **MidAmerican Energy Holdings Co.** prior to its planned merger with the company, slated for Jan. 15.

CEG is doing so in case the merger does not go through. **Electricité de France** subsidiary **EDF International** has made a counter bid to **MidAmerican's** \$26.50 per share offer for CEG, by offering \$4.5 billion for 50% of CEG's nuclear and operation business, including an up-front \$1 billion cash investment to be credited against the purchase price of the nuclear business. EDF has also offered to buy CEG's non-nuclear assets for up to \$2 billion. The French company is the largest shareholder in CEG.

CER Generation II, a subsidiary of CEG, is planning to sell the gas-fired plant in West
(continued on page 8)

CANADIAN DEVELOPER PLOTS C\$500M+ WIND FINANCING

Montreal-based **Kruger Energy** will seek debt financing for three wind projects with a combined cost of C\$815 million (\$653 million). "For these projects with long-term contracts, we'd be looking for something like 70-75% debt," says **Jean Roy**, v.p. of operations, adding the search for financing will begin next summer.

Kruger will consider Canadian and international lenders for each of the three deals. "It's all open and it depends on who has the best deal when we look for it," Roy notes, adding that pricing is a key factor in selection. **Scotia Bank** led financing for Kruger's maiden 102 MW Port Alma wind project (*PFR*, 5/19).

First in line is the proposed C\$300 million, 100 MW Chatham wind project in Ontario.

(continued on page 8)

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

Tenaska Plots Stake Sale After Repurchase

Tenaska Energy is planning to sell a stake in Tenaska Marketing Ventures after agreeing to repurchase a 50% stake in the company from American International Group affiliate AIG-FP. The Omaha, Neb., shop sold the stake to AIG last April and is buying it back for an undisclosed sum.

The company will likely look for investors for TMV, but has not yet engaged a party to run the process, says **Fred Hunzeker**, president of TMV. "There is no urgency to bring investors in," he says. It plans on financing the acquisition with corporate cash. "We have been running this business alone since September," he adds, noting it has no issue with liquidity or capital. The transaction is expected to close shortly after the New Year, pending regulatory approvals.

TMV consists of **Tenaska Marketing Ventures**, **Tenaska Marketing Canada** and **Tenaska Gas Storage**. "[AIG] saw it as a solid business investment," Hunzeker says of the original sale to AIG. The sale is part of a plan to pay back the U.S. government, says an AIG spokesman. TMV was created in 1991 to expand Tenaska's footprint in the natural gas space and to fuel power plants.

Babcock Split Draws Resistance

Babcock & Brown Wind Partners has proposed to split from Babcock & Brown, but its parent company is frowning upon at least part of the plan. BBW, an energy fund listed on the **Australian Securities Exchange**, has proposed to acquire certain undisclosed assets from BNB in its move for independence, but the parent considers these assets a core part of its recently restructured business. "The BBW proposal is not consistent with the updated strategic direction of Babcock & Brown...which specifically states that the company is narrowing its focus to become a specialist infrastructure investment business," says a spokeswoman for BNB in Sydney, noting it announced Nov. 19 to narrow its focus to infrastructure assets, including renewable energy investments.

BBW is also seeking to terminate its management agreement with BNB and internalize the management team to protect BBW directors employed by the parent and to maximize value for shareholders, which includes BNB with about a 10% share. BNB must decide whether or not to sell the management agreement, says the spokeswoman for BNB. The BNB board is considering the proposal and a response is expected shortly, she says, declining to specify a particular timeframe for a decision. BBW is on a roadshow in the U.S. presenting its proposal to investors, which must approve it along with BNB. **Miles George**, ceo at BBW, was not available to speak when reached on his cell phone in Los Angeles and did not return subsequent calls or request for comment via e-mail. The independent directors of BBW are being advised by **UBS**. Officials at UBS in Sydney did not return calls. Babcock & Brown is not using an advisor.

Kairos Fund, a Cayman Island-based hedge fund which has over 10% ownership in the share capital of BBW, urged the BBW board to sever ties with BNB, ensure key management positions are hired inside BBW and consider a name change in a letter sent to shareholders via BBW Nov. 21. "True independence will remove what the market clearly defines as a poison pill against BBW reaching or approaching its true intrinsic value," **Roberto Condulmari**, ceo at **Kairos Investment Management** in London wrote to *PFR* in an email, noting BBW's value is down 56% year-to-date.

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Institutional Investor NEWS
INTELLIGENCE FIRST

Landfill Gas Developer Plots Financing

Ridgewood Renewable Energy is preparing to line up debt and equity to cover the \$125 million cost of two landfill gas facilities totaling 76 MW in Johnston, R.I., and Brea, Calif. "Given the turmoil in the markets, it's going to be interesting to see how it all shakes out, but these are long-term projects... We don't anticipate any difficulties in being able to finance," **Randall Holmes**, president and ceo in Ridgewood, N.J., told *PFR*, noting the company will sell some portion of the equity.

The company will come to market before year-end and look to line up the funding within three months. "The PF role is a known commodity, so it's more a question of who is in the business these days... Many of the traditional lenders are on the sidelines," Holmes says. He declined to comment on specific lenders or investors.

The Johnston facility will double the size of an existing plant and has a total cost of \$80 million, while the Olinda unit will cost roughly \$65 million. Ridgewood may look to finance the 41 MW Johnston and 35 MW Olinda Landfill facilities together, Holmes says, but adds that the company has yet to finalize its plans. "We're trying to develop them in tandem due to the cost savings," he says, adding that it will depend on permitting and interconnection agreements.

Algonquin Power Mulls Wind Financing

Toronto-based **Algonquin Power** is planning to finance up to 200 MW of wind for a proposed project in Ontario with a combination of debt and equity. "We have about C\$40 million (\$32.49 million) a year available [from internal cash flows] for this type of project and we can put about 50-60% debt on it," says **Kelly Castledine**, director of investor relations, adding that wind farms typically cost C\$300 million for every 100 MW of power. She declined to specify the exact size or cost of the Amherst Island project which is in Loyalist Township.

Algonquin has bid the project into the **Ontario Power Authority's** Renewable Energy Supply III request for proposals (PFR, 8/28) and Castledine says the company will nail down specific financing plans and begin speaking to lenders pending the award of a 20-year PPA in the first quarter. She adds the project will be bid into future OPA tenders if it does not land a PPA from the current RFP. The project is slated for operation in 2011 and construction will start in early 2010. **Gia DeJulio**, manager of generation procurement at OPA, declined to comment.

The **National Bank of Canada** leads the company's C\$175 million three-year revolver with **Bank of Montreal**,

Toronto-Dominion Bank and **Canadian Imperial Bank of Commerce** (PFR, 1/25). Algonquin will consider the lenders, along with **Scotia Bank**, to lead financing and underwrite any equity sales for Amherst Island, Castledine says. Bank officials either declined to comment or did not return calls.

Financing for Amherst Island will likely reflect the funding structure for the company's 99 MW St. Leon wind farm in southern Manitoba, Castledine adds. Algonquin raised roughly C\$220 million for St. Leon with C\$74 million each from a project-level equity sale, senior debt and subordinate debt. The farm went online in 2006 and has a 25-year PPA with **Manitoba Hydro**. She declined to identify the lenders or the underwriter of the sale for the deals.

Barclays Appoints Alternative Energy Co-Head

John Plaster, managing director at **Barclays Capital**, has been named co-head of alternative energy banking in New York. The announcement was made last week in an internal memo. He replaces **Todd Guenther**, who left the position last month for **Citigroup**. **John Lange**, head of power, was also named to the additional role of head of power M&A.

Plaster joins **Amy Smith**, existing co-head in Menlo Park, Calif. In the position he will also cover traditional power. He was most recently a managing director in global finance where he oversaw the power sector in the equity capital markets and leveraged finance. He joined Barclays through the bank's acquisition of **Lehman Brothers**.

StatoilHydro Seeks Offshore Wind Farm Partner

Norway's **StatoilHydro** is looking for a partner for a planned NOK7.5 billion (\$1.06 billion), 315 MW Sherringham Shoal offshore wind farm about nine miles north of Sherringham, Norfolk in the U.K. "We are actively looking now," says a spokesman in London, noting it is looking for an energy company as a partner. He declined to make an official available for comment.

Dutch energy company **Evelop** owned a 45% stake in the company developing the farm, **Scira Offshore Energy**, but StatoilHydro bought it out for an undisclosed sum a few months ago, says the spokesman. An official at Evelop did not return a call. The Norwegian oil and gas company is planning to finance the project with equity, but the project still needs final approval from its board. "The deciding factor is competing projects," he says, noting the wind space is not StatoilHydro's focus.

Construction is slated to begin on the onshore phase next year, with construction for the offshore phase expected to begin the following year.

Spanish Developer Weighs Solar Financing

Vizcaya, Spain-based **Solarpack** is planning to finance three solar farms of up to 10 MW each with debt and equity. **Jose Galíndez**, president and chairman, says the developer is aiming for 75-80% debt for each project and will look to investors to fund remaining project costs with equity. He declined to comment on the projects' costs.

The farms are in Chile, France and Morocco and slated for operation in mid-2010. The company will start talking to lenders and investors at the end of next year to secure financing by the start of construction in early 2010, Galíndez explains. It is open to both European and international lenders and key factors in choosing a bank will be experience in solar and relationships to other lenders. "In these times, it's good to have a lot of friends."

Barclays Capital and **Banco Santander** led financings for Solarpack's four maiden farms in Spain, which include the 8.4 MW Isla Mayor and 3.84 MW Lebrija Solar plants in Sevilla and the 4.8 MW Llerena I and 4 MW Llerena II plants in Badajoz. The banks will be considered for future financings, Galíndez explains, though he declined to identify other lending and investing candidates. The four projects in Spain have been online since last year. Bank officials did not return calls.

Solar Looks To Utilities, Industrials For Tax Equity

Lenders and solar developers are looking to utilities and industrial companies as the next generation of tax equity. **Jeffrey Lipton**, head of clean-technology investment at **Jeffries Co.** told attendees at the Solar Innovation & Investment conference in New York last week, "We're starting to have a lot more discussion with a lot more industrial companies who are looking at the market."

Tax equity investment is down more than 20% from last year as major financial institutions that dominated tax equity investment have either consolidated or lost the huge profits that drove their appetite, noted **John Eber**, managing director of energy investment at **JPMorgan Capital**. "Whenever there's a vacuum created, people will enter," Lipton said, citing state-issued renewable production standards and legislation that allows utilities to take advantage of production tax credits.

But, Eber noted that tax equity investors have a learning curve, "It takes a while to get them educated and get them into the market." He declined to comment on when prospective investors would become more active in solar and Lipton said it was difficult to determine a timeline due to financial market turmoil. "I don't think anyone has that crystal ball."

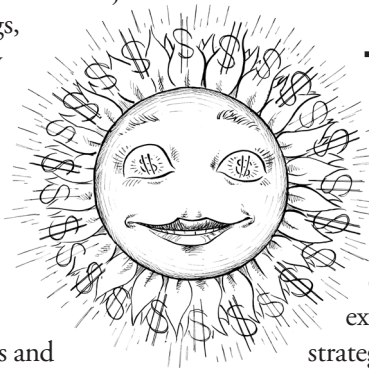
Garden State Solar Co. Seeks Investors

SolarWorks NJ, a solar installer and developer, is seeking equity investors for five photovoltaic projects totaling 8 MW planned for southern New Jersey on farmland and industrial zones. "We're looking for people who understand solar," says **Steve Masapollo**, ceo in Turnersville.

The amount equity investors will provide for the projects is flexible, but the company is aiming to have financing in place by March. The projects have an expected cost of about \$7 million per megawatt, or \$56 million in all.

The projects consist of a 5 MW plant in Upper Pittsgrove Township, three 2 MW farms and a 1 MW project. The farm in Upper Pittsgrove will be the largest solar park in the state once online, Masapollo says. Construction will also begin in March and take about two and a half months to complete.

These will be the largest projects to date for SolarWorks NJ, which was founded in 2003 and has mainly done small commercial and residential solar installations.



Tenaska Invests In Solar To Tap Tax Equity

Tenaska Energy has made its first move into solar with an investment in **Soltage**, a Jersey City, N.J.-based solar developer, in part to access the tax equity market. "Certainly one of the factors was the extension of the ITC," says **Dave Kirkwood**, v.p. of strategic development at Tenaska in Omaha, Neb., on its decision to enter the sector at this time. He declined to reveal the investment amount.

Soltage has projects online in New Jersey and Connecticut and a large pipeline of projects across the country, says **Jesse Grossman**, ceo and co-founder of Soltage. It focuses on rooftop and ground solar installations usually between 250 kW and 2 MW, but Grossman says the company's structure allows for the possibility to develop larger-scale solar projects. The funds will not be used for particular projects, but a general build-out of the company, he says.

Tenaska Solar, the investment vehicle, was formed in September and is managed by Tenaska officers. Tenaska financed the investment with cash. Kirkwood declined to comment if Tenaska will make further investment in Soltage, but says, "The company is well-capitalized." As for investments outside of the company, Kirkwood says, "We will continue to look at



Dave Kirkwood

investments in the renewable space.”

Soltage engaged boutique investment banking firm **Pario Capital** as financial advisor to find equity investors. “There’s a really good fit,” says Grossman, noting the company completed extensive due diligence before deciding upon Tenaska. **Jeff Clyde**, managing director at Pario in New York, declined to comment on the transaction.

Novel Solar Facility Looks To Tap EIB

Madrid-based **Torresol Energy** is seeking up to a EUR110 million (\$138.83 million) loan from the **European Investment Bank** backing a first-of-a-kind concentrating solar power tower able to store heat near Seville, Spain.

The joint venture between **SENER Grupo de Ingeniería** and **Masdar** is making the move after closing on a project financing last month for its estimated EUR200 million, 17 MW Gemasolar project. **Banco Español de Crédito**, **Banco Popular**, and **Instituto de Crédito Oficial** were lead arrangers, which consisted of a senior credit facility and a VAT facility. The banks took a majority of the credit facility and 100% of the VAT facility on their books. **Torresol** is now looking for EIB and/or up to two other banks to come in to take the remaining debt, says **Manuel Fernández**, cfo at **Torresol** in Madrid. The EIB is expected to approve the financing within the first quarter of next year.

Construction on the project started last month and is expected to be complete in March of 2011. Officials at the banks could not be reached and a spokesman at EIB did not reply to a request for comment.

Tidal Power Co. Plots Project Expansion

Hydroelectric and wave power developer **Verdant Power** is planning to deploy 30 turbines in the East River in New York late next year or early 2010. Dubbed the Roosevelt Island Tidal Energy project, it will cost \$5,000-6,000/kW, or \$5-6 million. **Verdant** is in talks with strategic investors for funding, says **Trey Taylor**, president in Arlington, Va., declining to disclose specific parties. It is initially seeking \$15 million, followed by \$50 million a year later.

The project will generate 1 MW of power and could ultimately be expanded to 10 MW. The developer expects to receive approval within six months from the **Federal Energy Regulatory Commission** to replace its six pilot turbines with the full installation, says Taylor.

The company is attempting to decrease the cost of the deployment due to financial market turmoil, and is relying on other sources of financing in the meantime. “We’re continuing to get angel investors into the company,” Taylor says. The **New York**

State Energy Research & Development Authority is a 33% investor in the projects and the company has received \$9 million in grants and contracts from the U.S. **Department of Energy** this year, he says.

The company is also developing a 15 MW project in the St. Lawrence River in Ontario, Canada and a 1 MW project in the Puget Sound in Washington State (PFR, 6/13).

Dubai Takes Bids For IWPP

The **Dubai Electricity & Water Authority** is taking submissions to build its planned 1.5 GW/100 million gallons per day Hassyan Power and Desalination Station in Dubai. The project is estimated to cost around \$2-3.3 billion.

The authority decided to re-tender the project after original bids taken April 30 were said to be unsatisfactory. **Doosan Heavy Industries & Construction**, Italian contractor **Fisia Italimpianti** and **Hyundai Heavy Industries Co.** initially bid into the project, notes a deal watcher. Officials at DEWA and the companies could not be reached or did not immediately reply to requests for comment.

Bidders can either apply to construct the generation station, the desalination facility or both, with bids due Dec. 30. Construction on the project is expected to be completed in phases in 2011 and 2012.

Renewable Co. Plots Financing For Maiden China Play

Dutch developer **Evelop** is in talks with mainly Chinese banks for the debt financing of its maiden investment in the Chinese wind sector. The company is a subsidiary of Dutch renewable energy company **Econcern** and is building four wind farms with a capacity of over 720 MW in China costing EUR863 million (\$1.09 billion).

It will build three farms with **CNOOC New Energy**, a subsidiary of **China National Offshore Oil Corp.** and one with **SINOHYDRO Renewable Energy**, a subsidiary of **SINOHYDRO Corp.**, to be located in Gansu, Inner Mongolia and Hainan Province. Officials at CNOOC and SINOHYDRO in Beijing could not be reached. “China has created a good framework and basis for developing profitable wind power projects,” says **Wim Lansink**, director of China at **Evelop** in Beijing, noting the nation has created a solid framework for the sector since introducing the Renewable Energy Law in 2006.

Lansink declined to disclose individual project costs, but says China has regulations for the debt to equity ratio for the investments. **Evelop** will hold a stake between 25-49% in each farm, as required by Chinese law, in order to obtain

Clean Development Mechanism (CDM) accreditation for the projects, he says.

Construction on the projects is expected to begin next year, with the first projects coming online late next year and early 2010. Once these projects are complete, the company plans to continue to invest in both onshore and offshore wind in China, says Lansink.

BLM Preps Geothermal Land Tender

The **Bureau of Land Management** will hold a competitive bid for 191,000 acres in Utah, Idaho and Oregon for geothermal development at its Salt Lake City, Utah office on Dec. 19. "It's the only way to get a leasing position in one contiguous piece of land... I'm sure there will be interest across the board," says **Richard Hoops**, project manager at Reno, Nev.-based **Magma Energy Corp.** and former principal with the BLM's national geothermal program.

Geothermal Technical Partners, Kodali Inc., Magma, Ormat Energy, Oski Energy, Ram Power, Standard Steam Trust, Sierra Geothermal Resources and Vulcan Power bid into the BLM's lease sale of 105,000 acres in Nevada (PFR, 8/08). Hoops expects the companies, along with Magma, will likely participate in the upcoming tender. The BLM raised \$28 million from that sale, with Magma taking the largest stake of 37,000 acres for roughly \$10 million. Company officials from the Nevada tender either did not immediately return calls or could not be reached.

The bids for the 55 parcels start at \$2 per acre and the initial 10-year leases can be extended by the BLM, which receives royalty rates of 1.75% on any geothermal resources produced for the first 10 years and 3.5% royalties thereafter. The lessee must pay a 10% royalty rate to the BLM for geothermal resources sold directly, or by an affiliate, to a purchaser who uses the resource for generation. **Kent Hoffman**, deputy state director of the BLM in Utah, did not return a call.

Canadian Geo Start-up Weighs Financing

Vancouver-based **Magma Energy Corp.** plans to finance a 24 MW geothermal plant expansion and up to 350 MW of new projects in Nevada with a combination of debt and equity. **Frank Montastero**, president at the company's Reno, Nev., office, says geothermal generally costs between \$2.5-3 million, though he declined to specify exact project costs or the debt-to-equity blend planned for each project.

First up is the 8 MW Soda Lake plant in Fallon, which Magma purchased from **Constellation Energy** in October. The company plans to increase capacity at the plant up to 32 MW over the next two years and will approach lenders to finance the

expansion in the first quarter. Montastero declined to discuss the purchase amount and a spokeswoman for Constellation did not immediately return calls.

Downstream are projects in McCoy and Panther Canyon which have potential capacities of 50-100 MW and at least 250 MW, respectively, Montastero explains. Magma will approach lenders to finance these within 12-18 months, pending permitting, he says, and some of the capacity could come online in the next two to three years.

Montastero points to **Citigroup** and **Credit Suisse** as potential lenders, though he notes the company has not had discussions with the banks. "There needs to be a genre of lenders that understand the risk profile of geothermal... They have to understand that when you get into these projects it's a longer term commitment," he says. Montastero says that **Ross Beaty**, founder and ceo and also chairman of mining companies **Pan American Silver Corp.** and **Lumina Copper Corp.**, has secured private equity funding for Magma's expenditures and operations since its inception in January and he expects the investors will continue to provide funding.

Corporate Strategies

Dominion Refunds CP, Bonds

Dominion Resources will use proceeds from a \$600 million senior note offering to pay down commercial paper and refund all or part of \$202 million of convertible senior notes. "We are in the markets, as we have said we would be when market conditions permit," **Scott Hetzer**, senior v.p and treasurer, says via e-mail. The Richmond, Va.-based company priced the 10-year notes at 8.875% on Nov. 25 and closed on Dec. 1.

Dominion had \$678 million of outstanding CP as of Nov. 21. **Karima Omar**, associate director of **Fitch Ratings** in New York, notes it uses the program to bridge finance long-term projects and acquisitions and for working capital. The convertible notes are due in 2023, though the bondholders have the right to redeem starting this month. Fitch rates the notes from the current issue BBB+.

Omar says Dominion has plans to cut back on its three-year \$11.9 billion capital expenditure plan due to the credit crisis. More than half of the plan, \$6.8 billion, will go toward growth projects. These include additional generation capacity and system improvements for subsidiary **Virginia Electric Power Co.**, the expansion of Cove Point Liquefied Natural Gas storage facility and wind developments. The company's debt-to-cap ratio is 62%.

Barclays Capital and **JPMorgan** led the deal with \$210 million tranches and **Credit Suisse, Deutsche Bank Securities** and **KeyBanc Capital Markets** each participated with

Corporate Strategies (cont'd)

\$36 million tranches. **BB&T Capital Markets**, **Scotia Capital**, **SunTrust Robinson Humphrey** and **UniCredit Capital Markets** each participated with \$18 million tranches. Lead bank officials did not return calls.

MLP Uses Issue For Repayment

DCP Midstream will use a majority of the proceeds from a \$250 million 144A private placement to repay a short term loan facility. The five-year senior unsecured notes were priced at 9.7% on Nov. 19 ahead of the deal closing Nov. 24. "We thought it was the right time to get in and get it done. The debt capital markets have been very challenged," says **Irene Lofland**, treasurer in Denver.

The master limited partnership, a joint venture between **Spectra Energy** and **ConocoPhillips**, will use \$200 million of the proceeds to pay down a portion of a \$300 million, 364-day loan facility expiring in April, says Lofland. It was taken out this past April, led by **JPMorgan** and priced at 75 basis points over LIBOR. DCP will likely use two existing credit facilities and commercial paper to repay the \$100 million that will remain on the short term facility, she says. The remaining \$50 million in proceeds from this issue will go toward general corporate purposes.

Bank of America and **JPMorgan** were bookrunners for the deal. "They're strong relationship banks," says Lofland. **Fitch Ratings** has assigned a BBB+ to the issue.

Georgia Muni Pays Down Revolvers With Bonds

The **Municipal Gas Authority of Georgia** is using proceeds from its sale of \$200 million in 2008 Series C bonds to pay down revolvers expiring at year-end worth \$560 million. **Susan Reeves**, cfo of the Kennesaw, Ga.-based agency, says it upsized the issue from \$120 million due to the low 1.35% pricing on the one-year notes. The deal was priced on Nov. 19 and will close next Tuesday.

MGAG has drawn down \$440 million on the two three-year revolvers to purchase gas reserves through its majority stake in the **Public Gas Partners**, a non-profit entity used by Georgia municipalities to purchase gas reserves in the U.S. PGP and its members will issue bonds with up to 12-year tenors to pay down the remaining balance on the revolvers before year-end.

JPMorgan leads a \$400 million revolver and **Wachovia** leads a \$160 million revolver. Wachovia is also the lead underwriting manager for the bond issue and **JPMorgan** is the senior co-manager. "We have strong ongoing lending relationships with both of them... They have strong credit ratings," says Reeves of the agency's choice in underwriters. The banks are also leading

the issues for PGP and its members, which include **Florida Municipal Power Agency**, **Southeast Alabama Gas District**, **Patriot Energy Group**, **Tennessee Energy Acquisition Corp.** and the **Lower Alabama Gas District**.

Including this issue, MGAG has roughly \$300 million in long-term debt outstanding.

Avista Preps Revolver For Liquidity



Ann Wilson

Avista Corp. has landed a 364-day, \$200 million revolving credit facility to provide liquidity in case the Spokane, Wash.-based energy player needs to repurchase bonds due in December, should it not be able to refinance the debt.

The company has \$84 million in municipal pollution-control bonds, which are tax exempt and issued by the city of Forsythe, Mont., where Avista has a coal-fired plant, according to *PFR* sister publication *Credit Investment News*. The company must reset the price of the bonds by Dec. 30, but due to turmoil in the credit markets, it anticipates steep terms. As an alternative, it is considering buying back the debt and holding it until it can re-market it at a more favorable price. "We're using this extra liquidity facility to make sure that we have the ability to not have to go to the capital markets when the markets are in such turmoil," says **Ann Wilson**, v.p. and treasurer. The company had planned on issuing bonds, but pulled the plan as credit markets deteriorated.

Avista opted for the short-term funding after discussions with relationship banks. "We were planning to go to the debt capital markets this year and we decided to defer that," Wilson says. "Credit's definitely tight."

The facility is led by **Union Bank of California**, **Wells Fargo** and **JPMorgan**. The syndicate includes eight banks, all of which were on the company's existing loan put in place in 2006, except for **JPM** and **SunTrust**. Wilson says the two new banks had been interested in developing a relationship and joined during this syndication. "We had had ongoing dialogue with [the two] and they had expressed interest in working with Avista," Wilson says. "In the past year, we had our credit ratings restored to investment grade; I think that got their attention." The corporate family rating is BBB-. The other banks in the syndicate are **Bank of New York**, **KeyBank**, **U.S. Bank** and **UBS**.

Pricing on the facility is LIBOR plus 225 basis points, which Wilson says was competitive. "We feel very fortunate in our banking relationships, and we feel very good to be able to get the deal done," she says.

GE ENERGY

(continued from page 1)

Officials at GE did not return calls, and **Andy Katell**, a spokesman, deferred comment to last Tuesday's analyst briefing. During that call, company officials said it would shrink the financing arm of **General Electric**, but did not provide specifics.

—*Thomas Rains*

CONSTELLATION PLANS

(continued from page 1)

Valley, Utah, to MidAmerican subsidiary **West Valley Holdings**. CEG has also been selling off other units since its stock nosedived following **Lehman Brothers Holdings** bankruptcy. CEG was a major creditor.

Shareholders are scheduled to vote on the MidAmerican merger Dec. 23, says a spokeswoman for EDF in Paris. A spokesman for CEG declined to comment and a spokeswoman for MidAmerican did not return a call.

—*Katie Hale*

CANADIAN DEVELOPER

(continued from page 1)

Kruger has bid the project into the **Ontario Power Authority's** Renewable Energy Supply III request for proposals (PFR, 9/1) calling for project operation in November 2011. The company will begin talking to lenders if it lands the 20-year power purchase agreement, Roy notes. Kruger will bid the project into future Ontario tenders if it does not garner the PPA under RES III.

Next are the C\$300 million, 100 MW Monteregie project south of Montreal and the C\$215 million, 68 MW Bas St.

Laurent project in eastern Quebec. **Hydro Quebec** has awarded 20-year PPAs to Kruger for both projects, which are slated for operation in 2012 and Roy says that Kruger will begin talking to lenders for these projects sometime in 2011. The remaining costs will be paid for by revenues from the company.

—*Sara Rosner*

Conference Calendar

- **Infocast** will host Projects & Money Jan 12-14 at Harrah's New Orleans Hotel in New Orleans. To register, visit <http://www.infocastinc.com/money> or call 818.888.4444.
- **Platts** will host Energy Storage Jan 15-16 at Encore at the Wynn Las Vegas. To register, visit <http://www.platts.com/Events/2009/pc904/> or call 781-430-2109.
- **Green Power Conferences** will host Solar Power Generation USA Jan 21-22 at the Westin Hotel in Las Vegas. To register, visit www.greenpowerconferences.com or call +44.203.355.4212.
- **Platts** will host the 2nd Annual Carbon Trading conference Jan.21-22 at the Westin Oaks Hotel in Houston. To register, visit www.events.platts.com or call 866.355.2930.
- **GreenPower Conferences** will host Voluntary Carbon Markets USA Jan 22-23 at the Westin Times Square Hotel in New York. To register, visit www.greenpowerconferences.com or call +44.20.7099.0600.
- **Infocast** will host Biomass Finance & Investment Summit Jan 26-28 at the Westin Colonnade Hotel in Coral Gables, Fla. To register, visit <http://www.infocastinc.com/biomass09> or call 818.888.4445.

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Quote Of The Week

"The [project finance] role is a known commodity, so it's more a question of who is in the business these days... Many of the traditional lenders are on the sidelines."—**Randall Holmes**, president and ceo of **Ridgewood Renewable Power**, on seeking financing for 76 MW of landfill gas projects (see story, page 3).

One Year Ago In Power Finance & Risk

Acciona Energy issued a request for proposals to finance its 180 MW Tatanka wind farm in North and South Dakota. [The Spanish developer tapped **BayernLB**, **BBVA**, **Grupo Santander** and **JPMorgan** for a \$280 million construction loan later taken out with tax equity (PFR, 1/11) and has since held talks to lever up the project (PFR, 9/05)].