



**Trans-Elect, Inc. and  
The New Transmission Development Company (NTD)**

## **Presentation To Montana House Committee**

**March 16, 2005**

**Perry Cole**



### **Background on Trans-Elect**

#### **Trans-Elect's Acquisition Program**

- ✓ North America's first independent transmission company
- ✓ First to purchase a transmission system from a U.S. investor-owned utility---Consumers Energy
- ✓ First to purchase a transmission system from a publicly-owned utility in Canada---AltaLink



# AltaLink

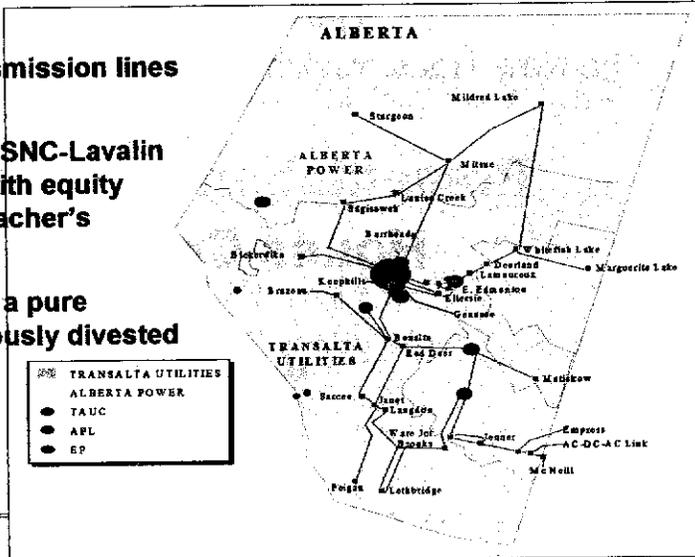
**Purchase Price - \$570 million (C\$860 million)**

**Assets - 7,200 miles of transmission lines in Alberta, Canada**

**Investors - Trans-Elect and SNC-Lavalin as 50/50 General Partners with equity investment from Ontario Teacher's Pension Plan Board**

**Seller's Rationale - Become a pure generating company (previously divested distribution assets)**

**Closed April 29, 2002**



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# Consumers Energy

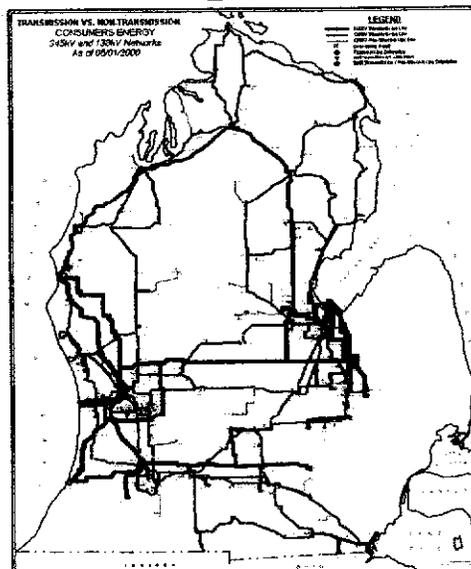
**Purchase price - \$290 million**

**Assets - 5,400 miles of transmission lines in Michigan**

**Investors - Trans-Elect as General Partner with initial equity investment from GE Capital. Debt raised by Deutsche Bank and CIBC**

**Seller's Rationale - Strengthen balance sheet and use sale to focus strategy**

**Closed May 1, 2002**



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## Background on Trans-Elect's New Transmission Development Company (NTD)

- ✓ First independent transmission company to finance and build new transmission
  - ✓ First private company to partner with the U.S. Government to solve a California transmission bottleneck---Path 15
  - ✓ First transmission only project financing
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## The New Transmission Development Company (NTD)

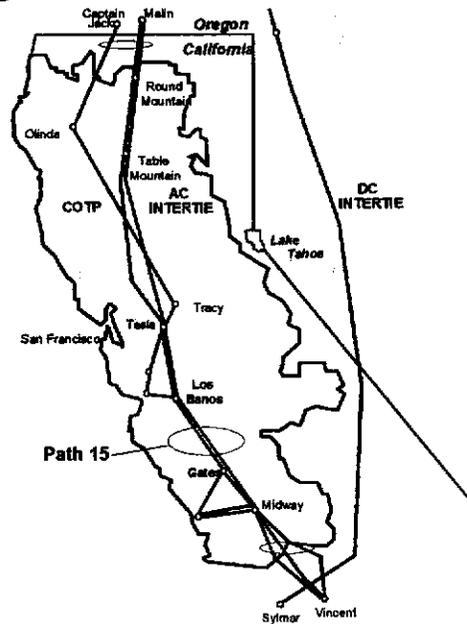
Subsidiary of Trans-Elect, Inc.

- ✓ Business activity: Build, finance, own and operate (all four or combination) new transmission projects throughout North America
  - ✓ Created in response to need for greater electric transmission reliability and economic capacity
  - ✓ 2001 EEI study reveals \$56 billion in transmission needs in next ten years
  - ✓ Path 15 project construction complete
  - ✓ NTD has approximately 15 other projects in various stages of early investigation and development
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# Path 15

- Public-private partnership with Western (DOE) & PG&E--\$250 M
- FERC approved rate and CAISO is sole customer
- Construction started in September 2003
- Commercial in service date occurred December 2004



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## The Path 15 Partnership

- ✓ \$250 million projected total cost
- ✓ 83 miles, 500kv, 1,500 mw Path rating increase
- ✓ NTD funds transmission line--\$200 M
- ✓ Western is project manager, constructs and owns line (Maslonka EPC contractor)
- ✓ PG&E performs substation and 230-kV work

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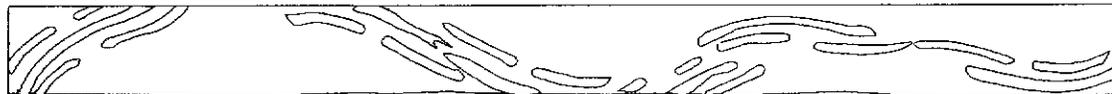


## Path 15 Financing

- ✓ NTD raised \$220 million including construction contingency and working capital reserves
- ✓ 3 LP equity participants, 6 insurance companies, 3 banks and TE/NTD as GP
- ✓ Received two project finance awards



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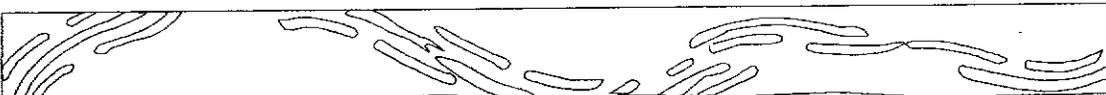


## Regional Transmission Planning

- ✓ NTD participating in regional transmission planning efforts including RMATS and NTAC
- ✓ NTD is interested in working with Montana to develop regional transmission solutions
- ✓ Preliminary discussions with generation & other transmission developers, Northwestern, Western, etc. We're not proposing a specific project yet.
- ✓ NTD'S P15 public-private partnership model could prove valuable in Montana



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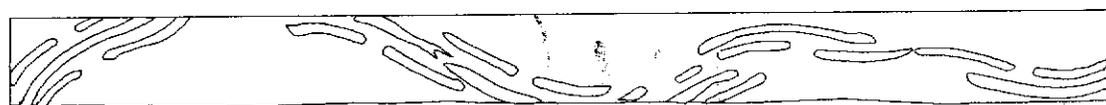


## Montana & Regional New Transmission Issues

- ✓ Currently without an RTO or long-term contracts with utility or generator. No defined revenue stream.
- ✓ Transmission could be developed & owned through several options:
  - local utility—but not a local need
  - power purchasing utility—capital & commitment?
  - partnership structure with independent transmission like TE/NTD is most likely, particularly for larger projects, maybe a public/private structure

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## Legislation

- ✓ TE/NTD efforts have been focused on National legislation.
- ✓ Key features:
  - Expand authority of Western and Southwest Power Administrations
  - Federal involvement only by invitation of State's Governor
  - All costs paid by private sector
  - Renewable Energy Requirement

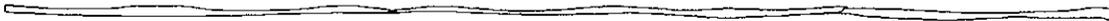
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## Trans-Elect and NTD

- ✓ Proving that independent ownership and construction of transmission assets works
- ✓ Prepared to cause billions of dollars to be invested in the transmission grid
- ✓ Working with the public and private sectors to improve America's electric reliability

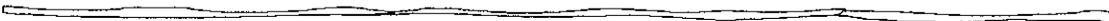


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## Trans-Elect's NTD Contact Information

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