

FERC approves Dominion's \$923m purchase of Fairless gas plant

A Dominion subsidiary that has been leasing the Pa. plant will now own it

07/29/2013 by Barry Cassell

The Federal Energy Regulatory Commission July 29 approved the \$923m purchase by a unit of **Dominion Resources** (NYSE: D) of a gas-fired power plant in Pennsylvania.

Fairless Energy LLC had requested commission authorization for the acquisition, by Fairless, of a generating facility and associated jurisdictional assets that Fairless currently controls and operates under the terms of a Lease Agreement between **Juniper Capital LP** as lessor, and **Dominion Equipment III Inc.** (Dominion Equipment), as lessee. That lease will expire on Aug. 15.

Fairless a wholly-owned subsidiary of **Dominion Fairless Hills Inc.**, which is a wholly-owned subsidiary of **Dominion Energy Inc.**, which is a wholly-owned subsidiary of Dominion Resources. Dominion Resources also owns a regulated utility, **Virginia Electric and Power**.

Juniper Capital currently owns the subject facility, which is an approximately 1,180 MW gas-fired combined cycle facility located in Bucks County, Pa. It consists of four GE Frame 7FA combustion turbine generators, two steam turbine generators, four heat recovery steam generators, and related ancillary equipment and structures. The facility is located on a 45-acre site owned by and leased from **United States Steel** and began commercial operation in May 2004.

Prior to the commencement of construction of the facility, Dominion Equipment entered into a synthetic lease transaction with Juniper Capital pursuant to which Juniper Capital leases the facility to Dominion Equipment. Dominion Equipment, in turn, subleases the facility to Fairless. Fairless operates, maintains, manages, and controls the facility and sells its output under its market-based rate tariff.

“Pursuant to the terms of the Lease, Dominion Equipment has notified Juniper Capital that it will exercise its right, in its own name or in the name of its designee or assignee, to purchase the Facility, on the last day of the term of the Lease which is August 15, 2013, for a purchase price of \$922,800,000 plus any other amounts owed by Dominion Equipment pursuant to Section 13(f)(4) of the Lease (the Purchase Price),” FERC noted. “On or before August 5, 2013, Dominion Equipment will deliver written instructions to Juniper Capital to convey the Facility directly to Fairless.”

The company told FERC that, because the transaction involves only a change in the ownership, but not control over the facility, the transaction has no effect on any relevant wholesale market.

ABOUT THE AUTHOR

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