

146 FERC ¶ 62,054
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Marseilles Land and Water Company

Project No. 13351-010

ORDER APPROVING FINANCING PLAN PURSUANT TO ARTICLE 307

(January 24, 2014)

1. On October 15, 2013 and supplemented on November 18, 2013, and January 8, 2014, Marseilles Land and Water Company (Marseilles), licensee for the Marseilles Lock and Dam Hydroelectric Project, FERC No. 13351, filed a Financing Plan pursuant to Article 307 of the Order Issuing Original License.¹ The project would be located approximately 1,800 feet downstream of the U.S. Army Corps of Engineers Marseilles Dam, located on the Illinois River, in the Marseilles City, LaSalle County, Illinois.

Background

2. Article 307 of the license requires Marseilles, at least 90 days before starting construction, to file for the Commission's approval a project Financing Plan. The Plan must show that Marseilles has acquired the funds, or commitment for funds, necessary to construct, operate, and maintain the project in accordance with the license. The plan must include, at a minimum, financial statements, including a balance sheet, income statement, and a statement of actual or estimated cash flows over the license term, which provide evidence that Marseilles has sufficient assets, credit, and projected revenues to cover project construction, operation, and maintenance expenses, and any other estimated project liabilities and expenses.

3. Marseilles is required to prepare the financial statements in accordance with generally accepted accounting principles and signed by an independent certified public accountant. Marseilles cannot start any on-site project construction or ground-disturbing activities associated with the project, before the project financing plan is approved.

¹ *Marseilles Land and Water Company*, 137 FERC ¶ 62,235 (2011).

Review

4. In the filing, Marseilles stated that on May 7, 2013, an agreement among private investors was executed to fund an initial capital contribution of \$3.0 million, and to fund a capital commitment of \$32.5 million for construction, operation, and maintenance of the project in accordance with the operating agreement. Marseilles stated that an initial capital investment of approximately \$6.5 million had been released, as of September 30, 2013, and is being used to complete pre-construction license requirements.

5. The Financing Plan filed by Marseilles includes documentation of: funding from existing private investors to fund approximately \$32,000,000 cost of construction, operation and maintenance of the project; Investment Agreement signed on May 7, 2013; signed affidavits from the investors stating that the entire capital commitment is dedicated entirely to construction, operation, and maintenance of the Marseilles Lock and Dam Hydroelectric Project and will not be used for any other purpose for any reason; a Consolidated Balance Sheet and Consolidated Income Statement of operations for the month ended September 30, 2013, signed by an independent certified public accountant; and an estimate of Cash Flows for the project for a term of 30 years.²

Discussion

6. After reviewing the information provided, we find that the financing plan and supplemental documentation, provides reasonable evidence that Marseilles has obtained the commitment for funds necessary to construct, operate, and maintain the Marseilles Lock and Dam Hydroelectric Project as licensed. The financing plan satisfies the requirements of Article 307 of the license. Therefore, Marseille's financing plan is approved by this order.

The Commission orders:

(A) The Project Financing Plan filed on October 15, 2013, and supplemented on November 18, 2013, and January 8, 2014, by Marseilles Land and Water Company pursuant to Article 307 of the license for the Marseilles Lock and Dam Hydroelectric Project No. 13351 is approved.

² Article 307 requires that the financial statements cover the entire term of the license (50 years). In the filing, staff agrees with Marseilles' request for a 30-year projection instead of 50 years since investors do not want to fund a project based on cash flow projections exceeding 30 years.

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(B) This order constitutes final agency action. Any party may file a request for rehearing of this order within 30 days from the date of its issuance, as provided in section 313(a) of the Federal Power Act, 16 U.S.C. § 8251 (2006), and the Commission's regulations at 18 C.F.R. § 385.713 (2013). The filing of a request for rehearing does not operate as a stay of the effective date of this order, or of any other date specified in this order. The licensee's failure to file a request for rehearing shall constitute acceptance of this order.

M. Joseph Fayyad
Engineering Resources Branch
Division of Hydropower Administration
and Compliance

Document Content(s)

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