

TRANS-ELECT: PATH 15 FINANCING CLOSED, CONSTRUCTION TO BEGIN

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RESTON, VA (September 15, 2003) -- Project Will Benefit Consumers With Greater Reliability, Reduced Congestion Costs

Trans-Elect's New Transmission Development Company (NTD) said today it has finalized financing for a first-of-its-kind, public-private partnership that will allow construction to expand California's Path 15 to begin immediately.

The unique arrangement has Trans-Elect's NTD financing and owning long-term capacity rights in the transmission line expansion. The U.S. Department of Energy's Western Area Power Administration will build and own the line. Pacific Gas & Electric is financing and building the substation expansions at Los Banos and Gates. The electricity carried on this long-awaited third line in central California will be controlled by the California Independent System Operator (CAISO) and available to all users of the transmission system. The expansion will eliminate a major congestion point between central and northern California's electrical grid. All Californians will experience greater electric reliability and lower consumer utility bills by reducing congestion costs. Congestion at the Path 15 transmission bottleneck contributed to higher energy costs and was a major factor in a number of the rolling blackouts that occurred in 2000 and 2001.

"We are excited for the people of California that this 12- to -15-year old problem that has meant higher energy cost to consumers is going to be fixed with completion of the line scheduled for November 2004," said Trans-Elect NTD's President and COO Bob Mitchell. "Secretary of Energy Spencer Abraham deserves considerable credit for initiating the innovative public/private partnership in response to the series of blackouts in 2000 and 2001. The project has received support and encouragement from California's Public Utility Commissioners, President Mike Peevey, Susan Kennedy and Jeff Brown, as well as California's public and municipal utilities."

Mitchell also praised the California ISO Board, CAISO President and CEO Terry Winters and staff and Governor Gray Davis for support of the project. Also, the Federal Energy Regulatory Commission (FERC) provided early and strong support that was critical for the project. "Solving the Path 15 problem has only been possible because of the positive and constructive co-operation between federal and state officials and key people within the state of California," he added.

"I am particularly pleased Path 15 is going forward", said Michael Peevey, President of the California Public Utilities Commission (CPUC). "It will quickly pay for itself and will benefit California ratepayers for many years to come."

This partnership model could well become an effective means of solving similar problems in other locations in California and the United States, if a proposed amendment by Sen. Kay Bailey Hutchison (R-TX) is included in the energy bill before Congress. The amendment would allow the Department of Energy to partner on additional transmission projects with financing from private entities.

Path 15 is an 83-mile stretch of electrical transmission lines in the Central Valley connecting Southern California with the northern part of the state. When operational, expected in fall 2004, the Path 15 upgrade will provide an added 1,500 megawatts (MW) in the south-to-north direction, creating a combined system of 5,400 MW.

The cost of the project is expected to be below prior estimates of \$306 million.

Equity financing for the project was provided by affiliates of Arclight Capital Partners, EIF Group, and a third private equity fund. Long-term debt financing was placed by Citigroup and Macquarie Securities (USA) Inc., and bank facilities were provided by Citibank, N.A., DZ Bank AG, and Société Générale. Financial advisory services were provided by Macquarie Securities (USA) Inc. Legal counsel was provided to Trans-Elect by Pillsbury Winthrop, L.L.P. and Goodin, MacBride, Squeri, Ritchie & Day, L.L.P.

Trans-Elect, Inc., based in Reston, VA is the first independent transmission company in North America. It holds interest in and serves as general partner for assets totaling nearly \$1.1 billion, which represents 14,400 miles of transmission lines in the U.S. and Canada. Trans-Elect's NTD was launched in Fall of 2002. NTD's singular focus is to develop and construct new electric transmission lines.