

The Background of MidAtlantic Energy Co.

MidAtlantic Energy Co. was established to develop and finance projects involving the development, financing and sale of electric power. Its efforts have focused on the development of independent electric power facilities.

The MidAtlantic Energy Group was established in 1986 with the formation of MidAtlantic Energy Co. The company maintains its offices in Pittsburgh, Pennsylvania, and consists of a group of affiliated companies that have developed and managed its ownership interests in various independent power projects. MidAtlantic is led by Michael S. Francis. MidAtlantic is experienced in project development, management, engineering, operations, fuel procurement and finance.

MidAtlantic's objectives include the development, finance, management and operation of independent power facilities. Since 1986, MidAtlantic and/or its senior principal has successfully completed the investigation, development and/or financing or structuring of independent power projects representing in excess of \$1.5B(U.S.) in total investment.

In the 1990's, MidAtlantic pursued opportunities in various international power markets where the companies were engaged in the development of oil shale based power plants in the Middle East, coal and waste coal-fired projects in the Ukraine and gas-fired projects in Russia.

MidAtlantic has an extensive background in a range of power generation technologies and fuel resources. The company has developed independent power projects involving water power, gas turbine combined cycle plants using natural gas and fuel oil, oil shale based thermal plants, and coal, coal waste, and residual fuel oil gasification technologies. These facilities make use of cogeneration, fluidized bed and combined cycle systems to maximize efficiency and to match the requirements of the utility and/or thermal customers in each situation.

Illustrative Projects

Hannibal Locks and Dam Project (Hydroelectric Power)

Prior to MidAtlantic's establishment, Mr. Francis, as developer for a US government licensee, led the development of a major run-of-river hydroelectric facility. The Hannibal Project was the first privately financed large-scale hydroelectric facility to be developed and financed. The full output of the plant was sold under a 50-year contract to Monongahela Power Company, an operating subsidiary of the Allegheny Power System (APS). The Project was constructed by Bechtel Corporation. To date, the facility has exceeded design performance and represents one of APS's most reliable providers of electric power.

Morgantown Cogeneration Project (Coal/Cogeneration)

MidAtlantic Energy Co. completed the development and financing of a waste coal and coal-fired cogeneration Project in Morgantown, West Virginia. The Project includes two circulating fluidized bed boilers, a steam transmission pipeline and auxiliary natural gas-fired boilers. The facility provides firm capacity to the Monongahela Power Company, as well as the full steam requirements of West Virginia University's three campuses. A consortium of companies, which included subsidiaries of the Bechtel Group and Dominion Resources (the holding company for Virginia Power Company), joined MidAtlantic to develop and finance the Project. Swiss Bank Corporation (New York Branch) served as the senior lender, Goldman Sachs & Co. acted as the Project's financial advisor and underwriter of the Project's taxable and tax-exempt debt. Dominion Energy is the facility operator.

Piney Creek Power Project (Coal/Straight Power)

A MidAtlantic affiliate, MidAtlantic Energy of PA Inc., developed and financed the Piney Creek Power Project in Western Pennsylvania in 1992. The facility, located in Clarion County, Pennsylvania, is a waste coal and coal-fired circulating fluidized bed boiler plant generating net exportable power which is purchased by Pennsylvania Electric Company (Penelec), one of the Pennsylvania operating companies of General Public Utilities. Construction and permanent financing were provided by Swiss Bank Corporation, New York Branch. Engineering, procurement, and construction of the facility was completed by Clarion Power Constructors (CPC), a joint venture of FruCon Construction of St. Louis, Missouri, and ABB Turbine, Inc. Bibb & Associates of Kansas City, Missouri was CPC's design engineer. Tampella Power Corporation, of Williamsport, Pennsylvania provided the CFB boiler and is the Project operator, with technical support provided by North American Energy Services, Inc. (NAESCO). In addition, Tampella provided letters of credit to support certain Project financing obligations. Goldman Sachs was the Project's financial advisor and underwriter for tax-exempt bonds, which served as the basis for the financing. MidAtlantic acted as the Project's managing general partner.

Richland Project (Gas/Combined or Simple Cycle)

In 1998, MidAtlantic developed a 390 MW gas-fired simple cycle, combustion turbine, peaking facility at Toledo Edison's Richland substation in Defiance, Ohio for FirstEnergy Corp. This project was sold, post-development, to First Energy in 1999.

Management

Michael S. Francis, President

Michael S. Francis founded MidAtlantic in 1986. Mr. Francis was formerly the managing general partner of the law firm Brennan & Francis and prior to his retirement from law practice served as Counsel to the Charleston/Washington, DC based law firm of

Jackson & Kelly. From 1985 through 1988, he served as Chief Executive Officer of Vico Industries. Mr. Francis has served as Judge of the West Virginia Court of Claims, Governor of the West Virginia State Bar, and as a state and federal prosecutor. He has held numerous corporate directorships. Mr. Francis holds multiple degrees from West Virginia University and a J.D. degree from West Virginia University College of Law. From 1979 through 1986 Mr. Francis led the development of the Hannibal Hydroelectric Project for the City of New Martinsville, founded the initial MidAtlantic Energy Company in February 1987, and thereafter founded seven additional MidAtlantic Companies for power project development and finance.

Other

MidAtlantic maintains relationships with state and federal governments enabling the company to anticipate state and federal regulatory action and to take appropriate steps to support its project development efforts.

MidAtlantic does not maintain engineering, construction or plant operations capabilities. These services are procured on a contract basis from third parties on a project basis.