

Power Intelligence

Incorporating **Power Finance & Risk**

Jul 09, 2013 -- **Holly Fletcher**

Longview Talks Pre-Pack With Creditors

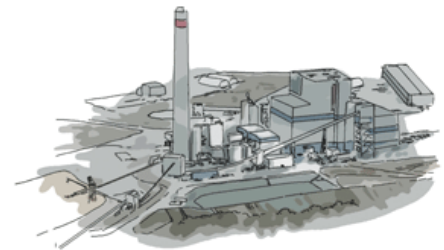
Longview Power has detailed a pre-pack bankruptcy filing proposal with its creditors, deal watchers say.

A banker notes Longview executives referenced an offer that was on the table in its most recent lender call. The company is evaluating whether it would file in West Virginia, New York or Delaware. Longview Power owns a 695 MW supercritical pulverized coal-fired facility in Madsville, W. Va.

A restructuring plan is expected to emerge in the fall as Longview approaches its next liquidity test at the end of September. The results are not reportable until November, says a deal watcher. The company received approval from lenders to waive the quarterly tests on its roughly \$1.1 billion in debt for two quarters ([PI, 6/13](#)).

Longview has a \$445 million term loan B that matures in February 2014. There is also a roughly \$500 million senior secured term loan maturing in 2017 priced at LIBOR plus 575 basis points. The B loan with the 2014 maturity is priced at L+250 bps and is part of a larger package from 2011 that consists of \$163 million in revolver and letter of credit. Credit facilities totaling \$163 million mature in February 2014. **Standard & Poor's** recently downgraded the debt to CCC- from B- on restructuring risk.

In conjunction with the covenant amendment package that waived the quarterly liquidity tests, the company also sold the cash flow from its five-year offtake agreement with **PPL EnergyPlus**, which buys 43% of its capacity. The company has sought ways alleviate its immediate financial obligations amid low merchant power prices while it addressed operational issues that led to a flirtation with a covenant trip at the end of the first quarter ([PI, 4/5](#)). The plant has been plagued with operational issues in its two-year lifetime.



Longview

First Reserve owns 92% of Longview, which has been advised by **Lazard**. **Houlihan Lokey** is advising creditors, which include affiliates of **KKR**, **Sankaty Advisors**, **Knighthood Capital Management**, **Oaktree Capital Management** and original lenders including **Natixis** and **CIT Group**.

A Longview spokesman did not respond to an inquiry while a First Reserve spokeswoman declined to comment. Bank officials or spokespeople either declined to comment or did not respond to an inquiry.



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