

## Arthur Consulting Group, Inc.

### Power Generation Valuation Projects

#### ***Valuation of Assets on Three Major Projects for a Leading Power Holding Company***

a joint venture that was formed to acquire generating assets across the U.S. The transactions totaled more than \$2.5 billion in purchase price and more than 5,000 megawatts in generating capacity. Facilities are located throughout Pennsylvania, Ohio, and New York.



***Valuation of 18 New England Power Facilities***, as part of a purchase price allocation and property tax assistance. The transaction involved the sale of 4,000 megawatts of hydroelectric and fossil capacity and was one of the largest acquisitions to arise from deregulation.

***Fair Market Value Analysis of Various Foreign Equity Interests*** held by a leading utility holding company.



***Valuation of Generation Facilities***, a total capacity of 1,185 megawatts, as part of a purchase price allocation for a major public utility holding company. Total assets included 31 hydroelectric stations, three oil-fired stations, and a wood-fired station.

***Consultation on a Bid Preparation***, relating to a major power producer's acquisition of East Coast power-generating plants. At the time of the transaction, the company owned interests in 26 domestic and 24 international operating electrical power generating facilities.

***Valuation of Electrical Generation Facilities (and Related Assets) Located in Pennsylvania and New York State*** for a leading power producer.

***Valuation of Electric Generating Facilities in West Virginia*** for a large electric utility holding company, as part of a purchase price allocation.

***Valuation and Property Tax Consulting for a Major West Coast Energy Services Company*** regarding several of its bio-mass power plants.

***Valuation and Property Tax Consulting*** for 10 Independent Power Producers in several Western states. The facilities included hydroelectric, fossil-fuel, wind, geothermal and methane sourced generation.

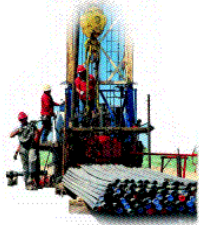
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***Property Tax Consultation for a West Coast Energy Developer Relating to More than 200 Investor-Owned Windmills.*** ACG demonstrated that a substantial federal tax credit was implicit in the price and established a new value based on current economic output.

***Valuation Relating To The Pricing Of Geothermal Steam,*** used to generate electricity, for an alternative energy utility.

## **Oil and Gas Valuation Projects**

***Valuation Consultation for One of the World's Largest Oil Companies.*** ACG has valued this company in its entirety, including all underlying worldwide tangible and intangible assets, for the past ten years.



***Provided a Major Diversified Utility a Valuation*** of the Firm's Equity Interests in Three Argentine Gas Distribution Facilities.

***Valuation for the One of the World's Largest Integrated Oil & Gas Company's Economic Interests in Concessions located throughout Latin America, Europe, and the Middle East.***

***Valuation Consulting for an Oil & Gas Exploration & Production Company,*** relating to acreage positions in Venezuela.

***Valuation Studies For A Major Petroleum Company Which Operates In The U.S. And In 100 Other Countries.*** The studies involved valuation and updating the analysis relating to the company's research organization.

***Analysis Of A Joint Venture Of Two Leading Petrochemical Companies.*** We valued the underlying assets of this venture, which included exploration, production, transportation and distribution, refining, and marketing assets.

***Analysis of a Major International Oil & Gas Exploration & Production Company's Geological and Geophysical Services,*** for federal tax purposes. Our study encompassed services from the U.S. to its international exploration sites.

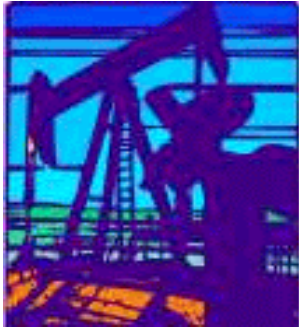


***Valuation Consultation for a Fortune 500 Oil & Gas Refining & Marketing Company Based in Texas*** to allocate the purchase price in its acquisitions of underlying assets of a petroleum company and refinery assets from one of their main competitors. We provided optimal supportable values for federal tax, financial accounting, and ad valorem purposes.

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***Analysis Of The Global Assets Of One Of The World's Largest Integrated Oil Companies Before It Was Acquired In 1999.*** We derived values of all operations for management advisement in federal income tax-related matters. Our analysis was conducted solely from information sources external to the corporation.

***Valuation Consulting Services For A Leading US-based Integrated Oil Company Before It Was Acquired in a \$27 billion deal,*** relating to West Coast property, for ad valorem purposes.



***Valuation of More than 50 Oil Refineries*** of the approximately 170 domestic facilities, for property tax and purchase price allocation purposes.

***Valuation of one of the largest independent refiners and retailers of petroleum products,*** with sales in excess of \$2 billion. The analysis was conducted for the sole purpose of providing an opinion as to the fair market value of the total capital.

***Valuation Consulting for Major U.S. Propane Company*** to allocate the purchase price in their acquisition of assets from another propane gas company. The valuation included retail stores, a propane cylinder exchange business, underground propane storage facilities, and propane pipeline.

***Valuation Of Downstream Operations For A Billion Dollar, Privately Owned, Energy Company Based In Utah.*** We were retained at the request of the Justice Department to determine the value of the company's operations west of the Mississippi, including the refining, marketing, and pipeline assets, that were part of the acquisition.

## **Sales and Use Tax Projects**

***Overpayment and Audit Review for a Major Texas-based Oil & Gas Pipelines & Storage Company.*** ACG has performed ongoing overpayment review services for this company and/or acquired companies in all states for over six years, recently assisting with the minimization of state audits and the recovery of tax from states and vendors for all of their subsidiaries.



***Overpayment and Audit Review for a Leading Pipeline Company.*** Reviewed interstate gas pipeline operations, recovering overpayments and minimizing the proposed state audit assessment. Identified a possible new exemption for aircraft used by non-air common carriers, currently in court.

***Overpayment and Audit Review for a Major Southwestern Pipeline Company.*** Reviewed Texas processing and interstate gas pipeline operations, recovering overpayments and minimizing the state

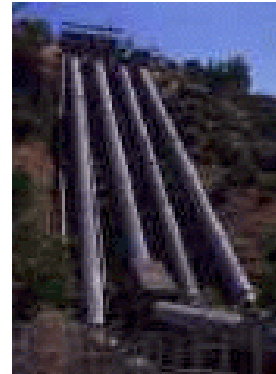
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audit assessment. Identified a new exemption for repair and installation labor during the manufacturing exemption phase-in period, recently confirmed by a Comptroller decision.

***Overpayment Review for a Major Gas Utility.*** Reviewed Virginia and surrounding states' gas and electric utility operations, recovering tax overpayments. Reconciled the software logic utilized by a legacy stores tax accrual system, incorporating the results of our review to reduce future accruals.

***Overpayment Review for a Top Diversified Utility.*** Reviewed Iowa gas and electric utility operations, recovering tax overpayments. Obtained beneficial agreement with state with respect to classification of new construction projects and major service contractor.

***Overpayment Review for Premier East Coast Gas Utility.*** Reviewed New Jersey gas utility operations, recovering tax overpayments to offset the recent payment of a state audit.



***Overpayment Review for an Expanding New Jersey based Gas Utility .*** Reviewed New Jersey and other states' gas utility operations, recovering tax overpayments. Identified new categories of exempt services provided by outside contractors.

***Overpayment Review for an Arizona Electric Utility.*** Reviewed Arizona and New Mexico electric utility operations, recovering tax overpayments and identifying new categories of exempt transactions.

***Overpayment and Audit Review for a Premier West Coast Water and Power Utility.*** Reviewed California water and electric utility operations, recovering overpayments and minimizing the state audit assessment. Identified a new tax recovery methodology for surplus reserve fuel oil.

## GENERAL ASSET DIVESTITURE

Source: September 1, 1999 issue of Public Utilities Fortnightly

### PLANT DIVESTITURES - PRICE AND BOOK VALUE

| Buyer                    | Seller              | Capacity (MW) | Price (\$MM)  | Price (\$ per kW) | Book Value (\$MM) | Book Value (\$ per kW) |
|--------------------------|---------------------|---------------|---------------|-------------------|-------------------|------------------------|
| 1. PP&L                  | Bangor              | 96            | 80            | 833               | 24                | 250                    |
| 2. Sithe                 | BEC                 | 1,983         | 536           | 270               | 450               | 227                    |
| 3. FPL Group             | CMP                 | 1,185         | 846           | 714               | 240               | 203                    |
| 4. Southern              | Commonwealth Energy | 984           | 462           | 470               | 79                | 80                     |
| 5. Southern & Dynegy     | ConEd               | 814           | 135           | 166               | 151               | 186                    |
| 6. NRG                   | ConEd               | 1,456         | 505           | 347               | 220               | 151                    |
| 7. Key Span              | ConEd               | 2,168         | 597           | 275               | 330               | 152                    |
| 8. Orion                 | ConEd               | 1,855         | 550           | 296               | 250               | 135                    |
| 9. AYP                   | DQE                 | 276           | 169           | 612               | N/A               | --                     |
| 10. AES                  | EIX                 | 3,956         | 781           | 197               | N/A               | --                     |
| 11. Houston              | EIX                 | 2,276         | 237           | 104               | N/A               | --                     |
| 12. NRG & Destec         | EIX                 | 1,020         | 88            | 86                | N/A               | --                     |
| 13. Thermo Ecotek        | EIX                 | 280           | 10            | 34                | N/A               | --                     |
| 14. Houston              | EIX                 | 1,500         | 43            | 29                | 125               | 83                     |
| 15. NRG & Destec         | EIX                 | 530           | 30            | 56                | N/A               | --                     |
| 16. AES                  | Energy East         | 1,424         | 950           | 667               | 662               | 465                    |
| 17. Edison Mission       | Energy East         | 942           | 900           | 955               | 219               | 232                    |
| 18. FPL Group            | EUA                 | 16            | 2             | 147               | N/A               | --                     |
| 19. Southern             | EUA                 | 280           | 75            | 268               | 40                | 143                    |
| 20. NRG                  | EUA                 | 160           | 55            | 344               | 30                | 188                    |
| 21. Edison Mission       | GPU                 | 942           | 900           | 955               | 219               | 232                    |
| 22. Sithe                | GPU                 | 4,117         | 1,680         | 408               | 814               | 198                    |
| 23. FirstEnergy          | GPU                 | 83            | 43            | 518               | 16                | 193                    |
| 24. WPS-PDI              | MainePSCo.          | 92            | 37            | 405               | 12                | 127                    |
| 25. PPL                  | Montana Power       | 1,556         | 892           | 573               | 552               | 355                    |
| 26. USGen                | NEES                | 3,960         | 1,590         | 402               | 1,100             | 278                    |
| 27. Orion                | Niagara Mohawk      | 661           | 425           | 643               | 250               | 378                    |
| 28. NRG                  | Niagara Mohawk      | 1,360         | 355           | 261               | 370               | 272                    |
| 29. Southern             | Orange & Rockland   | 976           | 345           | 353               | 179               | 183                    |
| 30. Duke                 | PG&E                | 2,745         | 501           | 183               | 380               | 138                    |
| 31. Southern             | PG&E                | 3,065         | 801           | 261               | 432               | 141                    |
| 32. FPL Group            | PG&E                | 1,224         | 214           | 175               | 160               | 131                    |
| 33. PPL                  | PGE (Enron)         | 323           | 49            | 152               | 32                | 99                     |
| 34. WPS-PDI              | PPL                 | 467           | 106           | 227               | 64                | 137                    |
| 35. PPL                  | Puget               | 735           | 549           | 747               | 354               | 482                    |
| 36. NRG & Dynegy         | Sempra              | 1,218         | 356           | 292               | 94                | 77                     |
| 37. San Diego Unified PD | Sempra              | 693           | 110           | 159               | 40                | 58                     |
| 38. Southern & Dominion  | Unicom              | 1,598         | 250           | 156               | 250               | 156                    |
| 39. Edison Mission       | Unicom              | 9,772         | 4,813         | 493               | 1,300             | 133                    |
| 40. Wisvest              | United Illum        | 1,056         | 272           | 258               | 217               | 205                    |
| <b>TOTAL OR AVERAGE:</b> |                     | <b>59,844</b> | <b>21,339</b> | <b>346*</b>       | <b>6,905</b>      | <b>160*</b>            |

\*Per-kilowatt values are calculated by backing out the capacity figures for plants with unknown prices or book values.