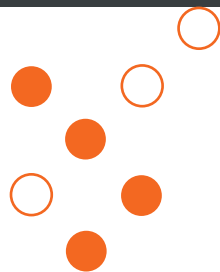




PRINCIPLES OF **VALUATION** IN THE POWER SECTOR

A comprehensive introduction to
valuing utility assets and companies.

December 1-3, 2010
Omni Houston Hotel
Houston, Texas



PRINCIPLES OF VALUATION IN THE POWER SECTOR

DECEMBER 1-3, 2010 • HOUSTON, TEXAS

Valuation is never a simple exercise, but the complexity and regulation of the power industry makes the challenge extraordinary. You need to know not just the basics of valuation, but also how to adjust the process to account for the unique characteristics of the sector.

Valuation in the Power Sector – unlike generic valuation courses – focuses specifically on the energy sector. You get information and techniques that have direct application to the industry.

Over the course of three days – in lectures, discussion and case studies – *Valuation in the Power Sector* provides the background, perspective and tools you need to value individual assets and whole companies with confidence.

Led by an accomplished practitioner with over 15 years of experience valuing hundreds of power plants and utilities, you'll leave the course knowing the essential concepts and methodologies it takes to succeed.

WHAT YOU'LL GAIN:

- Familiarity with valuation frameworks specific and practical to the U.S. power sector
- Insight to understanding the value drivers for tangible and non-tangible valuations
- The skills to confidently perform due diligence of valuation assumptions
- The ability to classify generation portfolios
- The know-how to apply cost of capital assignments for different assets in different environments

THIS PROGRAM IS DESIGNED FOR:

- Finance, corporate development/strategy, and investor relations professionals at power and gas companies
- Professionals in investment banking, project finance, asset management, hedge funds, or equity/fixed income research
- Consultants, accountants and lawyers who advise power and gas clients
- Current and potential investors, suppliers, or professionals looking for an understanding of how Wall Street analyzes the power and gas sector and the fundamentals that bear on their analyses

INSTRUCTOR: *James W. Bowen*

Jim Bowen is President of Momentum Development Corporation, which provides advisory and management services to clients in the energy sector, including banks, investment funds, and principal investors.

As a veteran consultant in the energy industry, he has valued hundreds of power plants, integrated utilities, transmission and distribution systems, power purchase agreements, tolling agreements, options, and midstream and downstream energy assets.

Jim regularly taught in-house for McKinsey & Company and was an adjunct faculty member at the U.S. Military Academy at West Point.

He holds a J.D., cum laude, from the Harvard Law School, an M.Sc. in Financial Management from the University of London, and a B.S. in Economics from the U.S. Military Academy.

DAY ONE - Wednesday, December 1

Registration and continental breakfast opens at 7:45 a.m.

Session begins at 8:30 a.m.

Introduction and Overview of Course

Valuation of a Single Plant: Discussion

- Discounted cash flow modeling of power assets
- Creation of free cash flow projections
- Revenue drivers, including forward strips vs. predicted spot prices; implied heat rates
- Plant costs, including fixed costs, depreciation, and fired hour costs; other non-cash items; application of initial and ongoing capital expenditures
- Calculating terminal value and computing discount rates

Refreshment Break

Single Plant Valuation: Case Study

- Hands-on opportunity to work with and test discounted cash flow models and assumptions

Lunch

Group Discussion: Single Plant Valuation Case Study

Other Valuation Techniques: Comparables and Multiples

- Application and use of transaction and market peer comparables and multiples to single plant valuation
- Identification of valid peers

Refreshment Break

Other Valuation Techniques: Real Options

- Examine real options, including growth, market switching, and fuel switching options, and how to apply them to plant valuation
- How could the plant be used outside of routine operations?

Day One concludes at approximately 5:00 p.m.

DAY TWO - Thursday, December 2

Continental breakfast opens at 8:00 a.m. Session begins at 8:30 a.m.

Valuation of a Regulated Utility: Discussion

- Overview of key valuation techniques, including value drivers, capital structure, and techniques for finding data to be used as inputs for valuation models

Refreshment Break

Valuing Transmission and Distribution Businesses and Assets

- Regulated rate of return, customer service costs, reliability and operating risk, rate base assets, fuel cost recovery and cost-sharing formulas

Valuing Regulated Generation Assets

- Recovery of environmental compliance costs, off-system sales (decoupling), and fuel cost management

Lunch

Putting the Pieces Together: Valuing an Integrated Utility

- Financial flows, energy balances, corporate overhead

Integrated Utility Valuation: Case Study

- Hands-on opportunity to work with and test models and assumptions

Refreshment Break

Group Discussion: Utility Valuation Case Study

Other Issues: M&A Considerations, Regulatory Environment

- Estimate synergies between merged or acquired companies and purchaser
- Account for regulatory requirements for approval, including impact on valuation of anticipated rate reduction

Day Two concludes at approximately 5:00 p.m.

Agenda continues next page >>

DAY THREE - Friday, December 3

Continental breakfast opens at 8:00 a.m. Session begins at 8:30 a.m.

Valuation of Generation Technologies Other Than Gas: Hydro, Nuclear, Coal, Peaking Assets

- Including unique characteristics of each production technology in the asset or company valuation

Valuing Power Purchase Agreements (PPAs) and Tolling Agreements

- Understanding PPAs, tolling agreements, steam contracts, and similar financial arrangements

Refreshment Break

Gas LDCs and Other Non-Electric Business Units

- Incorporating non-power subsidiaries into the utility holding company valuation

Regulatory Value Drivers

- Including recoverable vs. non-recoverable expenditures, stranded assets, multi-jurisdictional challenges, and allowable rate of return

Valuing Renewable Assets

- Understanding the sources of renewable asset value, including conventional value and value of subsidies, production and investment tax credits, special incentives, and feed-in tariffs

Day Three concludes at approximately 1:00 p.m.

CONTINUING EDUCATION CREDITS



CFA Institute: 17 Hours of Continuing Education Credit

SNL Center for Financial Education is registered with CFA Institute as an Approved Provider of professional development programs. This program is eligible for 17 PD credit hours, as granted by CFA Institute. If you are a CFA Institute member, PD credit for your attendance at this event will be automatically recorded in your PD Diary.



National Association of State Boards of Accountancy: 20.5 Hours of CPE Credit

Participants attending the entire program qualify for 20.5 CPE credit hours (Specialized Knowledge and Applications). Program Level: Intermediate. Delivery Method: Group-Live. SNL Center for Financial Education, LLC, is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 4th Ave N, Ste 700, Nashville, TN, 37219-2417. Web site: www.nasba.org.

HOW TO REGISTER

Online: www.snlcenter.com/powerval

By phone: (434) 951-7786

PRICING

Early bird: \$1,995 (good through October 1, 2010)

After 10/1: \$2,395

Registration price Includes all conference materials, continental breakfasts and refreshment breaks, plus lunch on days one and two.

WHEN AND WHERE

December 1-3, 2010

Omni Houston Hotel, Four Riverway, Houston, TX

www.omnihotels.com/FindAHotel/Houston.aspx

A special room rate of \$140/night + tax has been arranged at the Omni for seminar participants. To reserve a room at this rate, please call the hotel directly at (713) 871-8181 (or 1-800-THE OMNI) and reference the SNL Power Valuation seminar.

The discounted rate is available through Tuesday, October 9 or until the block fills, whichever comes first.

PAYMENT OPTIONS

American Express, MasterCard, Visa and checks. If paying by check, please make payable and remit to:

SNL Center for Financial Education

One SNL Plaza, PO Box 2016, Charlottesville, VA 22902

CANCELLATION POLICY

- By Wednesday, November 10: Full refund, less a \$150 administrative fee.
- By Wednesday, November 24: Full credit (less a \$150 administrative fee) towards attending another SNL CFE program within 13 months.
- After Wednesday, November 24: Not eligible for refund or credit.

Attendee substitutions from the same company are welcome at any time. For more information regarding our refund, complaint and program cancellation policy, please call us at (434) 951-7786.

ABOUT SNL CENTER FOR FINANCIAL EDUCATION (CFE)

An affiliate of SNL Financial, SNL CFE is a leading developer and producer of conferences and seminars for professionals who focus on the energy, banking, insurance, banking, real estate and media sectors. Website: www.snlcenter.com.