

K&M NEWS

K&M Engineering and Consulting Corporation

JANUARY 2001

Letter from the Chairman



The past year, through the dedicated efforts of our K&M group of companies' employees and consultants, K&M has produced significant accomplishments and positioned us to take on exciting new assignments in the coming year.

KMR's 320 MW TermoCandelaria Power Project was successfully commissioned as one of the first true merchant plants in Colombia and is now in commercial operation. K&M completed its largest turnkey construction assignment to date for the TermoCandelaria project.

With new opportunities opening throughout the African continent, K&M expanded its presence in the region with assignments in Kenya, Nigeria and Mauritius.

In Asia, K&M recently initiated a technical services assignment to structure the first private transmission line in India, is assisting Indonesia's utility to restructure IPPs, posted a resident manager to oversee construction of KEPCO's 1,200 MW Ilijan project in the Philippines, and took on responsibility to Vice Chair the U.S.-Korea Business Council.

In the Middle East, K&M is managing the installation of 600,000 new telecommunications subscriber lines and outside plant facilities in Cairo which will dramatically enhance the country's high tech growth. We recently initiated a technical evaluation for a Saudi company implementing its first IPP.

In Europe, K&M completed several contract and appraisal reviews of wastewater treatment and power generation facilities on behalf of four U.S. financial institutions.

Domestically, K&M recently qualified as technical consultant to the U.S. federal government through GSA's Management, Organizational & Business Improvement Services (MOBIS) program. Looking toward a future increasingly tied to the internet, K&M is participating in a new comprehensive website, InfrastructureWorld.com. And, AES acquired 100% interest of KMR Power Corporation.

As we enter the 21st century, I want to take this opportunity to wish all of our employees, consultants, and colleagues (and their families) a happy and prosperous New Year.

Michael H. Kappaz

K&M Assisting India's POWERGRID to Structure Private Transmission System



The Asian Development Bank (ADB) has retained K&M as a consultant to Power Grid Corporation of India Limited, New Delhi, India (POWERGRID), one of the world's largest transmission utilities. K&M will assist in structuring and tendering India's first International Competitive Bid (ICB) for the private development of a transmission line.

This Project will be the first transmission line built, owned and maintained by the private sector for a central power utility in India. The ADB may provide financial assistance from its private sector window of up to the lesser of 25% of project cost or \$US50 million, consisting of equity, long-term debt or guarantees for the Project.

K&M is working closely with POWERGRID's Independent Private Transmission Company (IPTC) Group, led by Mr. Arun Kumar. This pilot project will engage a private sector operator to finance, construct, operate and maintain the Project on a Build-Own-Operate (BOO) basis. The exact location of the Project has not been decided but due diligence for the Project has begun.

The K&M team, consisting of Chief Electrical Engineer Prem Babu, Corporate Counsel Cindy Shepard, and Financial Analyst Jeffrey Humber, recently spent two months in New Delhi conducting due diligence, reporting their initial findings to POWERGRID and the ADB and preparing initial drafts of the Request for Qualifications (RFQ) and the Request for Proposals (RFP).

As with any first privatization project, the transmission Project presents a number of challenges. The IPTC Group, however, is comprised of highly competent professionals devoted to making the Project a success. Collaborative development of the framework, structure and draft tender documents by the K&M team, POWERGRID and the ADB will ensure successful implementation of the Project.

K&M will assist POWERGRID in the bid process and proposal evaluation. In addition, K&M will provide negotiation support on technical, commercial, legal and financial issues during the negotiation phase with the first-ranked bidder.

For further information contact K&M Project Manager Prem Babu at K&M-Washington.

See POWERGRID page 3

K&M Providing IPP Renegotiation Assistance to Indonesia's PLN



K&M is serving as the lead advisor to Indonesia's national electric utility, PT Perusahaan Listrik Negara (PLN), in renegotiating its outstanding IPP obligations. This effort is directed at reducing the significant financial burden that PLN faces in the aftermath of the Asian financial crisis.

Specifically, K&M is assisting the utility to renegotiate several PPAs with international power companies that are currently unaffordable to PLN and the people of Indonesia.

The task at hand is monumental. Several billion US dollars have already been invested in the country's power sector, and now the parties are back at the negotiating table restructuring the PPAs. The root of the problem is investments were made primarily in US dollars requiring the source of repayment to also be made or indexed to the US dollar. The Indonesian rupiah, however, has devalued so significantly from levels preceding the economic crisis that full recovery of investments in US dollar terms is very difficult in the short-term.

"K&M is working diligently towards a fair and reasonable outcome that balances the needs of the people of Indonesia as well as those of the financial institutions and developers that have invested significant resources to support the country's long term economic growth," commented William Kappaz, K&M's Director of Project Development and Finance. □

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Ilijan Power Project Secures Financing

Fuel Oil Unloading Terminal Inaugural Ceremony



(Left to Right) BC Choi, Exec. Vice President, KEPCO Ilijan; Robert Zaist, Exec. Vice President, Washington Group-Power; Mr. Lee, Korean Gov. Dept. of Energy; JJ Lee, Vice President, KEPCO; In-Taek Oh, President, KEPCO Ilijan; Jerry Santos, Project Manager, National Power; JS Lee, KOPEC, Gen. Mgr. Fossil Systems; GJ Kim, Project Manager, KEPCO.



(Left to Right) Jules J. LaMontagne, K&M Project Manager; Robert Zaist, Exec. Vice President, Washington Group-Power; John Martin, Vice President, Washington Group-Power Engineering; In-Taek Oh, President, KEPCO Ilijan; KB Hwang, Commissioning Manager, KEILCO.



(Left to right) YS Lee, Ilijan Site Manager, KEILCO; Rick Kuester, Managing Director, SEAP; In-Taek Oh, President, KEILCO; Thomas Scott-Morey, Exec. Dir. Business Development, SEAP; Marce Fuller, President, SEI; Edgardo Bautista, President, SEP; Jules J. LaMontagne, Project Manager and Owner's Engineer, K&M Engineering; SEP Staff member; SEP Staff member; KB Hwang, Commissioning Manager, KEILCO.



Gas turbine 1-1



Steam turbine transformer



HRSG 2-2



Water treatment building

A significant milestone was achieved in November when project sponsor Korea Electric Power (KEPCO) secured approval for a \$530 million loan package. Seventy-five percent of this \$710 million project will be financed through a syndicated loan, with participation by the Japan Bank for International Cooperation, United States Export-Import Bank and Korean Export-Import Bank. The corporate vehicle, KEPCO Ilijan Corporation (KEILCO), was formed from a consortium with KEPCO maintaining a majority stake at 51%. Other equity participants are Mitsubishi Electric (Japan), Kyushu Electric (Japan) and Southern Energy (Philippines).

KEPCO was awarded a 20-year Build-Own-Transfer (BOT) contract in November 1997 to develop the 1,200 MW natural gas-fired facility in Batangas south of Manila. The Philippine government contributed the land at no cost and is providing the fuel backed by a guarantee to purchase 100% of the power generated through its Energy Conversion Agreement with KEILCO.

Because of the Asian financial crisis, lenders imposed stricter conditions on the financing, prompting the need to amend the terms of the ECA which, in turn, delayed financial closure. Construction commenced in March 1999 utilizing equity provided by KEPCO in order to meet the target commissioning date of October 2001.

Since May 2000, K&M has served as on-site Owner's Engineer during the construction and start-up phases of the project. With major portions of the plant and offshore fuel facilities nearing completion, K&M Resident Manager Jules LaMontagne organized a site visit on November 11 for KEPCO officials, Philippine government and utility officials, as well as representatives from the Washington Group International, which serves as the EPC contractor for the Ilijan project. During the site visit an inaugural ceremony was held dedicating the Fuel Oil Unloading Terminal.

On November 15, representatives from Southern Energy International (SEI), participated in a site visit to Ilijan. Through its subsidiaries Southern Energy Asia Pacific (SEAP) and Southern Energy Philippines (SEP), the company operates more than 2,300 MW of generation in the Philippines, making it the largest private producer in the country.

For further information contact K&M Resident Manager Jules LaMontagne at K&M-Philippines. □

Bangladesh Power Project a Model for Private Sector

In early December, the Asian Development Bank (ADB) approved a US\$140 million financing for the 450 MW Meghnaghat Power Project to be constructed southeast of Dhaka. K&M served as the government's consultant for this project, which is the first competitively bid and privately-funded power project in the country. It will be used as a model for other projects, particularly in the way it was selected and documented.

Financing consists of \$50M from ADB, \$70M from a commercial bank syndicate under a partial risk guarantee, \$20M commercial bank loan, and \$80M equity from the developer.

AES Meghnaghat Limited, a subsidiary of AES Corporation of Virginia, will build, own and operate the plant under a 22-year PPA with the Bangladesh Power Development Board (BPDB). Commercial operation is expected by January 2003.

According to the ADB, it will be the most efficient plant in the system, providing energy to the BPDB at the lowest cost. □

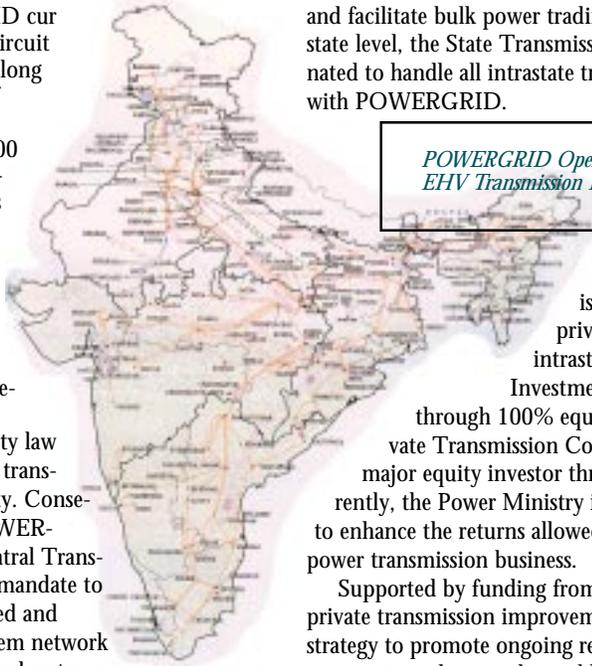
POWERGRID Developing Private Transmission Line

Federally-owned POWERGRID currently operates over 37,000 circuit kms of EHV transmission lines along with 67 substations consisting of 29,000 MVA capacity. Approximately one-third of India's 30,000 MW generating capacity is transmitted through POWERGRID's system. The system is extremely reliable with availability averaging 98.66 percent. One of the major challenges India faces is building an integrated national grid out of five sometimes technically dissimilar operating regional networks.

In 1998, India's new electricity law unbundled the power sector and transmission became a separate activity. Consequently, on the federal level POWERGRID was designated as the Central Transmission Utility (CTU) with the mandate to establish and operate an integrated and efficient power transmission system network incorporating national and regional systems.

According to POWERGRID, by the year 2011-12, India's peak demand is expected to grow at 10% per year to 176,000 MW. An ambitious construction program of 153,000 MW is envisioned to meet this demand. Critical to this plan is the ability of the country to transmit power through its national grid. Over \$4 billion is needed to upgrade the nation's transmission system. Power shortages throughout India average 11.3% during peak periods and 8.3% during normal periods. India's nine State Electricity Boards (SEBs) serving five regional systems in 25 separate states, operate the country's power distribution infrastructure and 70% generating capacity.

Furthermore, POWERGRID is authorized to undertake interstate energy transmission, discharge related planning and coordination, supervise and control the system, and operate the five Regional Load Dispatch Centers. POWERGRID will also construct and operate regional system coordination centers to improve grid coordination



and facilitate bulk power trading between states. On the state level, the State Transmission Utilities will be designated to handle all intrastate transmission in cooperation with POWERGRID.

POWERGRID Operates 37,000 circuit kms EHV Transmission Lines Throughout India

As CTU, POWERGRID is responsible for facilitating private sector investment in the intrastate transmission business.

Investments may be mobilized through 100% equity by an Independent Private Transmission Company, or by attracting a major equity investor through a Joint Venture. Currently, the Power Ministry is considering various options to enhance the returns allowed to private investors in the power transmission business.

Supported by funding from the ADB, POWERGRID's private transmission improvement project is part of ADB's strategy to promote ongoing reforms that improve governance, strengthen newly-established regulatory mechanisms, build long-term institutional capacity and improve efficiencies. It also facilitates commercialization of the main transmission network by introducing it to international capital markets and private sector investors.

In addition, the project will upgrade and expand 400 kV, 200 kV and 132 kV transmission lines to transfer additional power, improve reliability, enhance utilization of existing power plants, and transmit power generated by central power utilities and independent power producers.

It is hoped that this pilot private transmission project will contribute to promoting power sector reforms at the state level by channeling public and private investments to states with good payment records through the more widespread implementation of competitive pricing.

The success of this project will encourage greater private sector participation and ease the financial resource limitations of POWERGRID while making the project expansion possible. □

Since 1993, K&M has provided advice to a variety of government and utility officials seeking to attract private investment in India's power sector. For instance, K&M conducted a feasibility study on behalf of the U.S. Department of Energy for an Indian utility seeking to develop an IGCC project utilizing new clean coal technologies.

A Resident Advisor, posted to the USAID Mission in New Delhi, managed a range of technical assistance, training and market assessment services. K&M assisted the Government of India in developing the India Private Power Initiative (IPPI) program to promote and develop the country's private power sector. The objective was to foster development of private power projects on an economically viable, environmentally sustainable and technologically sound basis. The K&M team provided a full range of advice regarding commercial, technical, financial, legal and regulatory issues required for power sector reform, including international competitive bid model documents and agreements.

K&M In India

Acting through the Investment Promotion Cell of the Government of India's Ministry of Power, K&M provided technical assistance to the Central Electricity Authority, the State Electricity Boards, and other governmental agencies concerning legal, regulatory, institutional, and financial issues related to private power development and power sector reform. This "hands on" technical and consulting assistance was designed to build up in-country capabilities to evaluate, process, and negotiate independently the numerous private power project proposals pending before local, regional, and national government agencies. K&M's assistance included power sector policy planning, institutional reform guidance, regulatory framework development, tariff policy options and project financial analysis. K&M's advice emphasized in-depth practical training to government and energy sector personnel through the use of seminars, conferences, overseas study tours, company visits and practical examples of private power documents and procedures.

Since the company's inception in 1987, K&M has been integrally involved in bringing private infrastructure projects to the region. Its work has ranged from high profile projects like the 1,292 MW Hub River Project in Pakistan, to a variety of traditional feasibility studies, market assessments and due diligence assignments. To date, K&M has participated in structuring, developing and/or constructing 4,500 MW of private power projects in Asia. In addition, K&M assisted in restructuring a major water utility to facilitate privatization.

K&M claims a number of "firsts" in the region. Namely, structuring the first international competitively bid power projects in Bangladesh (Meghnaghat), Vietnam (Phu My 2/2), Sri Lanka (Kelantissa) and Pakistan (Hub River).

As privatization began to take hold globally in the early 1990s, K&M managed USAID's Private Sector Energy Initiative Program with the goal to promote reforms and foster competitive environments in the region to attract investments in projects utilizing advanced power technologies under development in the U.S.

K&M managed the Infrastructure Finance Advisory Services program on behalf of the U.S.-Asia Environmental Partnership which promoted cooperative efforts to develop environmentally sound projects.

In the Philippines, K&M is currently assisting KEPCO to construct a 1,200 MW gas-fired plant and completed a major study on the energy market as the country embarked on development of a natural gas industry. □

**USAID Site Visit
K&M-Egypt
Outside Plant/
Telecommunications
Project**

In November, K&M-Egypt and Morrison Knudsen hosted a site visit by USAID officials, led by Iqbal Chaudhry, Deputy Chief of Mission and Project Manager, to review overall status of the OSP/TSS II project and observe current installation activities. (SEE photos BOT-TOM this page).

Since 1994, K&M has supervised the installation of 600,000 new subscriber lines in Egypt funded by USAID under a subcontract to General Dynamics. The current OSP/TSS II project, which is targeted for completion in September 2001, entails network design, engineering, procurement and construction management. K&M is assisting USAID to fast-track completion in order to satisfy growing demand for telephone services. With over 15 million citizens in Cairo alone, installation of a modern telephone system, offering three different transmission media, digital and wireless services as well as access to the internet, will help drive economic growth in the country.

Upon award of the OSP/TSS II contract last year, the former Minister of Transport and Communication Metwali remarked, "this project will contribute to providing efficient service by reaching 10 million lines network capacity and 14% teledensity by 2002."

Telecom Egypt is poised for privatization. An Initial Public Offering for 20% of the company is awaiting improved market conditions. This will culminate Egypt's telecommunications sector reform and restructuring program. In the early-1990s K&M assisted Telecom Egypt (then Arab Republic of Egypt National Telecommunications Organization-ARENTO) to prepare the company for privatization. □

K&M-Egypt OSP Telecom Training

K&M-Egypt recently hosted a group of fourteen junior engineers for the three-month practical training component of their management training program.

In cooperation with major Egyptian universities and private sector businesses, the Egyptian National Telecommunications Institute (NTI) manages a comprehensive six-month training program for 100 junior engineers to prepare them for management roles in the telecommunications sector. It is a full-time endeavor, with each engineer spending a 40 hour week engaged in study and practical application.

After completing two months of theoretical training at the NTI, the junior engineers were sent to private sector companies to observe and assist. This provided them with hands on experience regarding planning, installation and management of the latest telecommunications technologies.

The fourteen engineers assisted K&M-Egypt in its ongoing Outside Plant/Telecommunications Sector Support II (OSP/TSS II) activities in Cairo, Alexandria and Port Said. Upon completion of their practical training, the engineers returned for a final month of studies at the NTI.

K&M OSP Engineer Ossama Gabriel led the firm's practical training program. He has over 10 years of experience in telecommunications design, construction and project management. The Cairo-Alexandria-Port Said project includes copper, fiber optic and fixed wireless local loop technologies which offered the junior engineers a broad perspective.

For further information contact K&M OSP Engineer Ossama Gabriel at K&M-Egypt. □



ABOVE: National Telecommunications Institute junior engineers received practical training at K&M-Egypt sites. K&M OSP Engineer Ossama Gabriel (center, back row) led the three-month training program.

NATIONAL TELECOMMUNICATIONS INSTITUTE

The NTI training program has two main objectives—human resources development and technology training. It is an important component in modernizing Egypt's telecommunications sector. The long-term initiative is to address the shortage of skilled high-tech engineers in Egypt, with an immediate target to train 1,000 engineers qualified to enter the technology industry within one year.

The NTI was formed as a government-sponsored research institute under the jurisdiction of the Minister of Transportation and Telecommunications. "The Government of Egypt has ambitious plans to turn the country

into a regional hub for technology development," remarked Minister of Communications and Information Technology Nazif. Egypt's growth is dependant on being able to compete globally in the internet economy.

Moreover, NTI is part of the public-private partnership of the Egyptian University Network (EUN), a private company that manages internet connectivity between the major Egyptian universities, research centers and institutes, as well as government and non-governmental organizations. The EUN is supported by the U.S. Agency for International Development (USAID). □

Pulling feeder cable from manhole to Interior Distribution Cable Terminal as part of Manshiat Nasser Exchange Network scope of work.

- 1) Morrison Knudsen Installation Supervisor Sherief Hannah
- 2) K&M OSP Engineer Gamal Shaarawy
- 3) Morrison Knudsen Site Manager Charley Soltan
- 4) USAID Iqbal Chaudhry.



Half tap splicing of feeder cable to transfer customers from existing Main Distributor Frame (MDF) to new MDF at Heliopolis Exchange vault room.

- 1) Morrison Knudsen splicing technician
- 2) USAID Iqbal Chaudhry
- 3) K&M Lead OSP Engineer Sameh El-Gezeiry
- 4) K&M-Egypt Joseph Shanley.

USAID SITE VISIT K&M-EGYPT OSP/TSS II PROJECT

Splicing feeder cables (inside manhole) as part of Man-sheat Nasser Exchange Network scope of work.

- 1) Morrison Knudsen Project Manager Vince Poxleitner
- 2) Morrison Knudsen Installation Supervisor Sherief Hannah
- 3) USAID Iqbal Chaudhry
- 4) K&M-Egypt Joseph Shanley.



Checking progress of replacing existing MDF (on left) by new MDF (on right) at Heliopolis Exchange building.

- 1) USAID Iqbal Chaudhry
- 2) K&M-Egypt Joseph Shanley
- 3) Telecom Egypt 3rd Zone General Manager Mansour Hegazy.

K&M Joins InfrastructureWorld.com Team

K&M is participating in a new Business-to-Business web portal launched in September that will transform the way information is shared within the global infrastructure industry.

Imagine one site that brings together access to more than 30,000 infrastructure-related sites. No more frustrating or futile attempts to find vital information lost in an endless loop of unrelated web pages that your favorite search engine suggests.

InfrastructureWorld.com links government and commercial sponsors, lenders, utilities, developers, service providers, and vendors in an effort to streamline the project development process.

"Visit the site once and you will see why we are so excited about its potential to dramatically transform and streamline our industry," says K&M Chairman and CEO Michael Kappaz. "It levels the playing field for small and large firms, developed and developing countries, and users and providers alike. By fully integrating the flow of information to all parties in a transaction, we are able to take advantage of the explosion in the technical capabilities of the web," he continues. Utilization of the site will greatly reduce the time and cost of bidding, procuring and financing projects and materials.

Built for industry professionals by industry professionals, vital information and services are offered through a secure and neutral platform. Furthermore, the site promotes full participation by developing countries where a majority of new assets will be constructed over the coming decades.

Users will benefit from ready access to "best practices"



New web-based platform will revolutionize infrastructure business

templates and management tools. The anticipated improvement in standards and frameworks will foster competitive, transparent environments thereby enhancing deal flow and attracting investments to growing markets.

"This isn't simply another dot-com. What we have done is take the complicated, costly infrastructure-development process and 'web-enable' every phase of it—thereby reducing the time, expense and inefficiencies that have plagued this business," says Cordell W. Hull, chairman and CEO of InfrastructureWorld.com.

The International Finance Corporation (IFC), part of the World Bank Group, is one of the lead sponsors of InfrastructureWorld.com. In its mission to promote private sector investment in developing countries, participation in the site offers a unique opportunity to reduce bidding costs, generate strong proposals, and enhance competition.

Registration is free to users, simply log on to www.infrastructureworld.com to gain access to project opportunities, RFP databases, technical papers, industry news and thousands of links to related sites.

K&M, a pioneer in the private infrastructure development industry, will provide technical assistance and advice to InfrastructureWorld.com as it develops new products for its users. Moreover, K&M will participate in several key areas of the site, such as project and deal-structuring advice, engineering and consulting services.

For further information contact K&M Marketing Manager Karen Harbert Mitchell at K&M-Washington. □

Speakers Bureau

DECEMBER

William Drotleff, speaker
Private Sector Investment in the Power Sector of Southern Africa. Topics: "Developer Needs and Conditions for Entry into National/Regional Power Markets" and "Determinants of Successful Project Finance." Sponsor: USAID Windhoek, Namibia

NOVEMBER

George Stockton, speaker
Independent Power Production in Nigeria
Topics: "Overview of the Market for Power in Nigeria" and "Business Climate in Nigeria"
Sponsor: CWC Group London, United Kingdom

William Drotleff, (white paper submitted)
Coal-Tech 2000
Topic: "Advanced Clean Coal Technologies."
Sponsors: U.S. Department of Energy, National Energy Technology Laboratory, Indonesian Coal Society and other industry organizations Jakarta, Indonesia

SEPTEMBER

Ibrahim Khalifa, speaker
Emerging Arab Economics: Breaking New Ground in the Global Markets. Session: Infrastructure and Project Finance in the Arab Countries
Topics: "Three Projects Three Structures: A Comparison" and "Private Water/Wastewater and Power Projects: Similarities, Parallels, and Differences." Sponsor: Euromoney Cairo, Egypt □

PRODUCT OFFERINGS

iwKnowledge: Increased information access. Conduct tailored searches through more than 30,000 infrastructure-related Web sites, screened and categorized by industry professionals. Access knowledge bases on country geopolitical and economic laws and regulations, project financing, industry trends, and engineering, insurance and other professional services.

iwBusiness: Online transaction tools. Arrange financing packages, purchase insurance, and procure equipment "packaged" with transportation and quality assurance in a secure, collaborative environment.

iwFramework: Data hosting and management. Utilize complete project lifecycle management tools, such as collaborative document hosting, "best practices" guidance, and data room hosting.

iwService: Online services. Benefit from technical and project support, as well as advisory services regarding project and deal-structuring from some of the most experienced practitioners in the field.

iwCollaborate: Global networking. Participate in online meetings and conferences. Download live and archived conference material. □

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BOARD OF ADVISORS

InfrastructureWorld.com has established a world-class Board of Advisors, chaired by the Honorable George P. Shultz, former U.S. Secretary of State (1982-1989). Other members of the Board include Walter Wriston, former Chairman of Citicorp; Bill Haynes, former Chairman and CEO of Chevron; Richard Frank, Chief Operating Officer of Darby Overseas International, Ltd. and former Chairman of the Private Sector Development Group of the World Bank/IFC; Eric Zausner, CEO of MyHome-Key.Com and Jeffrey Cunningham, former group publisher of Forbes magazine and President and CEO of Internet Media Group, CMGI, Inc.

In addition to Chairman and CEO Cordell Hull, the senior management team of Infrastructure World.com includes individuals with deep infrastructure and finance industry experience, including: Vidar Jorgensen and Jeff Cunningham who jointly serve as Vice Chairman; Charles Lester, Executive Vice President and COO; Barbara Treat, Jackson Stromberg and William Melvin, all Managing Directors; Phil Luks, Vice President and General Counsel; and Lenny Izzo, Vice President. □

Group of Fifty

As a distinguished leader of a Latin American organization, K&M Chairman and CEO Michael Kappaz attended the Group of Fifty's (G-50) seventh annual meeting in Washington, D.C. in September.

The G-50 is a joint initiative of the Carnegie Endowment for International Peace and the Inter-American Dialogue. It brings together Latin American leaders of private sector companies representing a wide range of industry sectors. Networking with other members provides enhanced communication at the highest levels, an understanding of trends and conditions, as well as fosters economic and social progress in Latin America.

Participants examined global issues regarding "What Can We Expect?" and "How Do the Experts View the World Economy in the Immediate Future?" Regional discussions, "What Will Happen in Latin America?" built upon last year's G-50 agenda that had examined the disparity between markets and economic growth in individual countries, particularly in light of the problems that spilled over from the Asian financial crisis. The panel of speakers, consisting of think tank experts and commercial bankers, explored countervailing political and economic drivers shaping business performance and the ongoing process of integration in the Americas.

The overall focus of the meeting examined the impact of the internet, how it has dramatically changed the flow of information globally and the need for Latin American companies to strategically plan their business development activities in response to the vast opportunities being generated.

To conclude a full agenda of discussions, the White House Office of the Special Envoy for the Americas and the Organization of American States hosted a gala reception for Group of Fifty attendees.

For further information log on to http://www.ceip.org/files/projects/g50/g50_home.ASP, or contact Karen Harbert Mitchell at K&M-Washington.

U.S.-Korea Committee on Business Cooperation



In his role as Vice Chairman of the U.S.-Korea Committee on Business Cooperation (CBC), K&M Chairman and CEO Michael Kappaz hosted the first joint meeting in Washington, DC in September.

He led a ten-member delegation of American industry sector representatives, while the Korean Vice Chairman Kun-ho Cho headed a nine-member counterpart delegation.

The CBC is a public-private partnership between the two countries. The private sector committees serve in an advisory role to their respective government industry and commerce ministries. It is tasked to identify barriers to trade and concrete means to facilitate increased bilateral commercial transactions.

"This Committee has been charged with an important mission—one that will continue to strengthen the relationship between our two countries," Mr. Kappaz said in his welcoming remarks. "While our membership represents many different business sectors, we all share one common goal: to develop closer commercial ties that will promote economic growth and improve our bilateral trade environment," he continued. "We must be thoughtful and constructive in our approach and capitalize on our private sector creativity."

Korean Vice Chairman Kun-ho Cho stated, "The CBC is structured in a way to bring about practical results and enhance closer mutual understanding."

Joint Meeting in Washington



ABOVE: Members of the U.S.-Korea CBC meet in Washington, DC.

BELOW: CBC Vice Chairman, Kun-ho Cho (Korea International Trade Association) and CBC Vice Chairman Michael Kappaz (K&M Engineering and Consulting) sign joint cooperative agreement.

"This Committee has been charged with an important mission — one that will continue to strengthen the relationship between our two countries." *Michael Kappaz*

The joint committee met for two days to finalize proposed industry-sector working groups, adopt a statement of purpose for each group, formulate detailed objectives and draft work plans.

At the conclusion of discussions, a Joint Statement was issued by the two delegations. It announced agreement between the parties to establish a Steering Committee, consisting of the six working group leaders, to facilitate activities of those groups, assess performance of each group and provide guidance for integration of objectives and achievement of goals.

Mr. Kappaz remarked, "The recommendations that this Committee can make will be based on *real* first-hand knowledge and business-to-business dialogue. We have a unique opportunity to provide concrete advice to policy makers in our respective governments."

The first round of recommendations will be submitted by the CBC for discussion at a General Plenary and Ministerial Meeting between the U.S. Secretary of Commerce and the Korean Minister of Industry and Commerce.

Moreover, the two parties agreed to help the CBC play a leading role in bilateral business cooperation and contribute to expanding U.S.-Korea economic ties.

For further information contact K&M Senior Vice President William Drotleff at K&M-Washington.



Meet Our Manager

As K&M's Chief Electrical Engineer, with an accomplished background in the design, development and operation of fossil and hydro power plants as well as transmission lines and distribution systems, Mr. Babu is currently leading the firm's technical services assignment in India on behalf of the Asian Development Bank. He heads a project team assisting POWER-GRID Corporation of India, one of the world's largest utilities, as the company structures an international competitive bid process to select a private developer to install and maintain a 400 kV High Voltage Transmission Line. (See related story COVER).

Mr. Babu's assignment draws upon more than 25 years of domestic and international experience in all aspects of transmission lines and distribution systems, substations, and power plants. He has played many key roles in the design, development, construction and operation of numerous private and utility power plants in the United States, Canada, Asia and Latin America. Many of these projects included Medium, High and Extra High Voltage substations and significant lengths of underground and overhead transmission lines.

Since joining K&M in early-2000, Mr. Babu has assisted the firm on several high profile projects. He recently directed the successful commissioning of the 220 kV switchyard and transmission line tap, along with upgrading two existing substations, for KMR Power's 320 MW gas-fired TermoCandelaria facility in Colombia. He also reviewed and commented on various IPP documents for a proposed program to provide emergency power in Kenya.

Prior to joining K&M, Mr. Babu was the Director of International Business Development for MCN Investment Corporation of Michigan where he was responsible for identifying and developing investment opportunities in greenfield and operating facilities. At MCN he negotiated an equity investment in a 36 MW hydro project in Nepal. The project debt was syndicated by IFC. Mr. Babu also negotiated with a Brazil-



Prem P.C. Babu

Chief Electrical Engineer

"Prem brings to K&M and our clients a perfect combination of experience and capabilities—engineering, business, commercial and operations—for us to meet one of our key goals: the successful structuring and bringing to fruition of large, complex infrastructure projects. *William Drotleff, K&M Senior Vice President*

EXPERTISE

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Due Diligence Technical Evaluation

ian construction company to develop and operate a hydro project on the Nayarit River in Mexico. He also performed due diligence activities for acquisition of an independent power company in the Philippines.

For ten years, 1987-97, Mr. Babu was Vice President, Electrical Engineering for Indeck Energy Services of Illinois with responsibilities for all electrical aspects of the design, development, construction and operation of several combined cycle cogeneration projects in the United States, United Kingdom and Guatemala as well as fossil power plants in India.

From 1977-87, Mr. Babu was Senior Engineer for Harza Engineering Company of Illinois. He engineered several hydro power plants ranging in sizes from 1 MW to 420 MW, EHV and HV substations from initial concept through preparation of design memorandum, contract documents, construction drawings, bid evaluations, shop inspections, insulation coordination study, power system studies including system stability, load flows and short circuit analysis and commissioning. During his tenure at Harza, Mr. Babu was awarded the Chairman's Incentive Bonus for commissioning the 420 MW project ahead of schedule.

Early in his career, from 1970-77, Mr. Babu was a Power System Protection Specialist for A. Reyrolle & Company in the United Kingdom. He designed protective relaying schemes for various power plants, high voltage and extra high voltage substation and transmission line installations worldwide. In addition, Mr. Babu gave specialist lectures to visiting engineers.

Mr. Babu received his Bachelor of Technology degree in Electrical Engineering from the Indian Institute of Technology, Madras, India. He is currently a member of the Institute of Electrical and Electronic Engineers (US), the Institute of Electrical Engineers (UK) and is a Registered Chartered Engineer (UK). Mr. Babu is fluent in English and speaks Spanish, as well as Bengali, Hindi, Telugu, and Tamil. □

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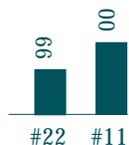
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