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This issue begins with the current uncertainties of the power and telecom industries. At a time when recent problems in California continue to elicit questions about the future of electricity deregulation in the United States, the Summer 2001 issue of *The Journal of Project Finance* begins with an article by Matthew Siegel and Alex Urquhart that highlights how recent developments in the market environment have changed power plant valuation approaches since they wrote an article on that subject for the Summer 1999 issue. Roger Feldman points to opportunities for application of new technologies and convergence with other industries implicit in a “new power company” model but, given today’s uncertain environment, warns that companies venturing in this direction through mergers and acquisitions should conduct detailed deregulation audits. At a time when some fast-growing power generation companies are finding traditional project finance too cumbersome to accommodate their construction schedules, Terry Pratt and Richard Siderman see a rising risk profile in the telecom sector related to massive investment, heavy debt, system complexity, unstable prices, and tight credit. As a result, some telecom project sponsors are returning to single-asset project finance. Is a similar scenario possible some day in the U.S. power industry?

We then turn to the challenges of project finance in the emerging markets. Ralph Sapoznik addresses Brazil’s growing telecom sector, showing how regulators are benefiting from U.S. experience in developing policies for sharing poles, pipes, and other infrastructure. Tom Marshella outlines some of the basic legal, regulatory, and political reforms that will be needed before project investors and lender return on a large scale to the Asian region. Daniel Galvao provides an up-to-date description of political risk coverage available and explains how such insurance has facilitated the placement of project debt in the capital markets for individual transactions and for portfolios of transactions. Chris Marrison presents an article that can help governments, corporations, and banks that issue project guarantees with quantifying their risks related to structured transactions such as toll roads on either an individual transaction or a portfolio basis.

And finally, in an article on what works in project development, Paul Smith describes how a collegial management style among the various government agencies in Portland, Oregon, and a tradition of public-private cooperation facilitated a project in which Bechtel receives property development rights in return for construction of a light rail line connecting the airport to the city.

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