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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:PSI:6

PLR-154858-01

Date:

February 5, 2002

Re: Supplemental Request for a Ruling Regarding Tax Consequences Relating to the Sale of Electric Generating Plants

Taxpayer =

Parent =

Buyer =

Company =

Sub1 =

Sub2 =

Sub3 =

Plant 1 =

Plant 2 =

Dear :

By a letter dated September 28, 2001, you submitted a request on behalf of Taxpayer for a supplemental request involving the tax consequences relating to the sale of certain electric generating plants. The original ruling request was submitted in a letter dated November 29, 1999, and a ruling letter was issued on the matter by the Internal Revenue Service on June 13, 2000 (Ruling letter 200038009).

Taxpayer represents the facts and information relating to its supplemental request as follows:

Buyer (the same entity as "Buyer 1" in ruling letter 200038009) formed Sub1, a wholly-owned subsidiary, to serve as a holding company. Buyer then merged with Company in the following manner: 1) the common shareholders of Buyer exchanged Buyer's stock for Sub1's stock; 2) Company then merged with and into Sub1, with Company's shareholders receiving Sub1's stock for Company's stock and cash.

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Buyer also formed Sub2 to hold the assets of Buyer's power generation and power marketing business and other nonutility businesses. Buyer then transferred various assets (including stock in subsidiaries) used in conducting the power generation business and other nonutility businesses to Sub2 and Sub2 also assumed certain debt from Buyer. Buyer next transferred its interest in Sub2 to Sub3. Finally, Buyer distributed the stock of Sub3 to Sub1. As a result, Taxpayer will sell its interests in Plant 1 and Plant 2 (described in ruling letter 200038009) to Sub2 instead of Buyer as indicated in ruling letter 200038009.

Taxpayer requests a ruling that the change in the identity of the buyer of the Plants will not adversely affect the rulings contained in ruling letter 200038009, and that the rulings contained in ruling letter 200038009 will remain in full force and effect. Since the specific facts of the terms of the transfers of Plant 1 and Plant 2 have not changed, the merger and restructuring of Buyer will not adversely affect the rulings contained in ruling letter 200038009, and the rulings contained in ruling letter 200038009 will remain in full force and effect upon the transfer of the Plants to Sub2.

This letter ruling is directed only to the Taxpayer who requested it. Section 6110(k)(3) of the Code provides that this ruling may not be used or cited as precedent. Except as set forth above, no opinion is expressed or implied concerning the Federal income tax consequences of the transactions described.

In accordance with the power of attorney, a copy of this letter ruling is being sent to the authorized representatives. A copy of this letter ruling also is being sent to the appropriate Industry Director, LMSB.

Sincerely yours,
PETER C. FRIEDMAN
Senior Technician Reviewer, Branch 6
Office of Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosure:
6110 copy