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Sent: 7/9/2010 11:13:31 AM
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Cc:
Bcc:
Subject: QF Summit Arbitration Process

Dear Frank and Julie:

On behalf of the settling parties, I am writing to confirm the agreements reached in our telephone conference yesterday regarding the QF/CHP summit negotiations. Both of you have kindly agreed to serve as arbitrators to resolve the disputed issues in the QF/CHP summit term sheet. As we discussed, we will provide to you a term sheet with alternate resolutions of disputed issues in two colors, one color assigned to the CHP parties and the other assigned to the IOUs, TURN and DRA. As arbitrators, you will select either side's proposal on a single disputed issue and would not propose or establish an alternate outcome on any disputed issue.

You also asked in our telephone conference whether we are able to arbitrate disputed term sheet issues this month, rather than wait for the draft contracts to be prepared. We have checked our calendars and unfortunately we are unable to obtain our clients' or members' approval to participate in binding arbitration based on the other side's term sheet until the end of July and therefore would not be able to move up the arbitration since we understand Julie is unavailable during the first two weeks of August. Based on the current proposed scheduled, we anticipate that we will begin arbitration on the term sheet and draft contracts August 30 and that the arbitration may require a few days of your time.

We would appreciate it if you would please confirm by a responsive e-mail that this

procedure and the arbitration dates are agreeable to you.

Very truly yours,

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