CONFIDENTIAL – RESPONSE TO DATA REQUEST

- Please provide any information that you have concerning the accuracy of the $36.4 million incremental cost of dry cooling referenced in the comments of TURN/CUE.

In the TURN/CUE analysis the $40.6 million[1] represents the reduction in revenues when the project is converted from wet cooling to dry cooling considering the reduced generation of a dry cooled project at the wet cooling price. Using pre-TOD pricing, TURN/CUE assumes that NextEra is receiving $43.4 million extra if they are paid $179.10. This analysis has two fundamental errors.

First, the draft resolution rejects the $179.10 pricing in the PPA. The maximum pre-TOD price allowed by the draft resolution is $174.10.

Second, the attached NextEra analysis demonstrates that the TURN/CUE comments do not take into account the impact of TOD pricing. TOD pricing on a PPA represents the amount that customers actually pay and the revenues that a developer receives for the project. The NextEra analysis demonstrates that rather than receiving $43.4 million extra, NextEra receives $39.5 million less in revenues with a dry cooled project and the dry cooling price in the draft resolution.

- Please provide any information that you have concerning the accuracy of the $43.3 million overpayment referenced in the comments of TURN/CUE.

See above

- Please compare the $36.4 million to the information in the Black & Veatch report.

The TURN/CUE analysis assumes an incremental capital cost of $258,000 for a dry cooled project. The Black & Veatch report prepared for PG&E assumed an incremental capital cost of $40-$60 million based on industry information and all other variables remaining unchanged.

[1] David Marcus informed PG&E that the $36.4 million in the comments was an error and the correct number is $40.6 million in lost revenues consistent with his spreadsheet.