



April 26, 2013

The Dow Chemical Company
P.O. Box 1398
Pittsburg, California 94565
USA

Hon. Michael R. Peevey, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey:

The Dow Chemical Company would like to express our support for the approval by the California Public Utilities Commission of certain capacity contracts from the Los Medanos Energy Center (LMEC), which is a modern, efficient combined heat and power generation facility owned by Calpine Corporation and located near our Pittsburg, California facility. LMEC provides Dow with critical steam and electric energy service. We understand that there is opposition to the approval of the Calpine contracts, and in particular, we were surprised to learn that some opponents have claimed that LMEC is not a "true" combined heat and power unit. Based on our operating history, as well as our contractual arrangements with Calpine for steam and electric services from LMEC, we are comfortable assuring you and the Commission that LMEC is a bona fide combined heat and power facility.

In Pittsburg, Dow produces products for both Dow AgroSciences and Performance Chemicals businesses at 11 manufacturing facilities on our 1000 acre site. We employ over 500 people on this site, which is our largest manufacturing site in California. Dow depends on LMEC to provide significant quantities of steam used for heating in various industrial processes. We also receive direct power service from LMEC. Finally, our operations are well-integrated with LMEC, including the joint management and efficient use of water resources through a condensate return system.

Dow and Calpine have enjoyed a long and successful relationship in Pittsburg. Beginning in 1998, Calpine operated a cogeneration facility that originally Dow commissioned in 1965 on our site. Subsequent to the completion of LMEC, Dow and Calpine successfully transitioned steam and electricity service from the older, less efficient unit to LMEC. We then safely decommissioned the older unit. Environmental stewardship is very important to Dow, and we are particularly pleased that LMEC is a highly efficient and flexible unit that is well-suited to provide reliable service to our critical processes.

Thank you for your time and consideration. We hope that our input here is useful to your deliberations. And again, we think that any claims suggesting that the steam and electric service provided from LMEC is not of critical importance to The Dow Chemical Company are false and misleading.

Sincerely,

Dale J Schell, P.E.
Industry Park Administrator, Site Energy Leader
Site Energy Leader
djschell@dow.com

CC: Hon. Mark Ferron, Commissioner, CPUC, Hon. Michel Florio, Commissioner, CPUC
Hon. Carla Peterman, Commissioner, CPUC, Hon. Catherine Sandoval, Commissioner, CPUC

Paul Clanon, Executive Director, CPUC
Edward Randolph, Director, Energy Division, CPUC