Independent Engineering Review of GRU's IRP Proposal

Gainesville Regional Utilities

November 15,2004

Purpose

- R. W. Beck, Inc. (“R. W. Beck”) was retained to prepare a high-level independent review of GRU’s:
  - 2003 Integrated Resource Plan (“IRP”) &
  - 2004 Sensitivity Case Matrix

Qualifications

- Founded in 1942 - 62 Years
- 19 Offices in U.S. - 450 People
- Orlando Office – 35 Years
- Have Provided Services To All FL Municipals
- Strong national client base of municipal utilities
- Provided independent engineering reviews to banks and generation developers for projects valued in excess of $30 billion combined

Personal Experience

- Principal with R. W. Beck
- Professional Engineer in three states
- Over 30 Years Experience with Infrastructure Planning
- Corporate Planning Engineer for Large Midwest IOU
- Have worked for numerous municipals on Power Supply and IRP projects

Scope of Review

- Independent Assessment of Assumptions and Methodologies
- Review for Reasonableness
- Suggest Revised Assumptions
- Recommend Additional Work or Further In-depth Review, if Warranted

Major Areas of Review

- Basis for the Load Forecast
- Effects of Conservation
- Generating Reserve Requirements
- Fuel Price Forecast and Certain Environmental Matters
- Technology Screening
- Electric Generation Economic Analysis

How We Conducted Review

- Reviewed History Leading up to IRP Proposal
- Reviewed Documents and Analyses Supplied by GRU
- Conducted Interviews with Members of the GRU Staff
- Requested that GRU Run Certain Cases

Conclusions

Based on our review of the 2003 IRP Proposal, the 2004 Sensitivity Case Matrix, other supporting documents supplied by GRU and discussions with GRU, R. W. Beck has the following conclusions:

Conclusions

Conclusions are provided relating to the following topics:

1. Load Forecast Methodology
2. DSM Analyses
3. Capacity Reserve Criteria
4. CFB Fuel Mix
5. Base Fuel Price Forecast
6. High and Low Band Fuel Price Forecast

Conclusions (continued)

7. Assumptions Regarding Capital Costs, O&M Costs and Operating Parameters for Major Alternatives
8. Modeling Methodology
9. Technology Screening
10. Financial Assumptions
11. Robustness of the 2004 IRP Proposal
12. Emission Impacts
13. Recommended Additional Cases