

**APPENDIX I**  
**WATER SUPPLY AND WASTEWATER**  
**(WILL SERVE LETTER WITH DDS)**



# Delta Diablo Sanitation District

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OFFICE AND TREATMENT PLANT: 2500 PITTSBURG-ANTIOCH HIGHWAY, ANTIOCH, CA 94509-1373

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June 25, 2008

Mr. Jonathan A. Sacks, CFA  
Director, Business Development and Transactions  
Mirant Corporation  
P.O. Box 192  
Pittsburg, CA 94565

RE: DELTA DIABLO SANITATION DISTRICT (DDSD) RECYCLED WATER  
AVAILABILITY - WILLOW PASS GENERATING STATION

Dear Mr. Sacks:

I appreciate the conversations that Mirant has initiated with me and my staff regarding Mirant's Power Plant development efforts in the Pittsburg area.

It is our understanding that Mirant is developing plans for the Willow Pass Generating Station, a new electric generating station at its existing Pittsburg Power Plant, which is expected to achieve commercial operation in 2012. This new facility plans to use recycled water from DDSD and return the wastewater back to DDSD.

As part of our discussions, my staff has analyzed DDSD's current and expected plant flows for the years 2012 and beyond. Based on this analysis, DDSD has sufficient uncommitted quantities of recycled water to support Mirant's anticipated peak usage of 1.5 million gallons per day at a peak flow of 1,400 gallons per minute of recycled water. This supply is in addition to the quantities of water described in my June 2, 2008 letter to you regarding your proposed Marsh Landing Generating Station, provided that Mirant incorporates an adequate volume of on-site storage and/or incorporates other operating flexibility into its plant design to meet the periods of DDSD's highest daily peak demand hours.

Delivery of recycled water to Mirant would require certain upgrades to the DDSD system, including expanded treatment facilities and installation of new conveyance pipelines to be paid for by Mirant. In addition, DDSD standard rates and fees for recycled water would apply. Annexation to the District's service area would also be required, and a formal notification process with Contra Costa Water District is required. Subject to DDSD Board approval of a definitive agreement between DDSD and Mirant, DDSD is willing to make such water available to Mirant for its proposed generation facility.

Mr. Jonathan A. Sacks

June 25, 2008

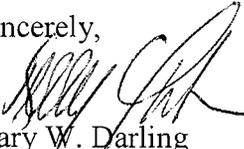
DELTA DIABLO SANITATION DISTRICT (DDSD) RECYCLED WATER  
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In addition, it is our understanding that process and sanitary wastewater from Mirant's project will be discharged to the DDSD system through the local Wastewater Collection System, or separately conveyed to the DDSD discharge facilities similar to the approach taken for the other two power plants DDSD already serves. The peak discharge flow is estimated to be approximately 600 gallons per minute. Options are available for accommodating this discharge. DDSD will work with Mirant and City representatives to determine the most suitable option to optimize Mirant and DDSD needs. As with the recycled water, where applicable, Mirant would be responsible for standard rates and fees for the conveyance, treatment, and disposal of the wastewater. Mirant would also be responsible for costs associated with facilities specifically required to accommodate the discharge.

If I may be of further assistance to you in the development of your project, please feel free to contact me.

Sincerely,

 FOR G. W. DARLING  
Gary W. Darling  
General Manager

GWD/KY:bjm

cc: Dean Eckerson, Principal Engineer, DDSD  
Caroline Quinn, Engineering Services Director, DDSD  
Kerry Yoshitomi, Deputy General Manager, DDSD  
RWF-CORRES-9  
Chron