

“New Nuclear” Is Not New to Concentric



Concentric Energy Advisors is the leading provider of financial advisory, strategic, managerial and regulatory consulting services to owners and operators of, and investors in, nuclear power plants in North America. Concentric's staff has been involved in these activities for more than 25 years, and brings a depth and breadth of experience to our assignments that is unequalled by our competitors.

Concentric has been the financial advisor to the seller of every nuclear power plant sold at auction in the past seven years, and its staff has been involved in nearly all of the nuclear power plant transactions in the past 12 years. The firm is currently advising five proponents of new nuclear plants with COLA filings before the Nuclear Regulatory Commission, and one Canadian utility in the development process for new nuclear capacity. For these clients, our services include advice on financing, loan guarantees, resource planning, construction management audits, ratemaking and cost recovery programs, joint owner negotiations, financial investor participation, and public and political outreach and communications programs.



Current financial advisory engagements also include strategic, valuation, due diligence and competitive assessment services for financial and strategic firms evaluating investment opportunities in new nuclear projects.

Recent and ongoing projects for owners of nuclear power facilities include strategic assessments, power uprate project audits, prudence reviews, performance bench-marking, joint owner cost allocation studies, ratemaking proposals for CWIP and development costs, valuations for potential transactions, lease negotiations and property tax assessments, multi-unit operational synergy studies, incentivized operating agreement evaluations, joint ownership agreement evaluations, decommissioning funding studies, spent nuclear fuel litigation and cost of capital studies.



Nuclear power plant development, construction, ownership and operation present unique financial, economic, managerial and regulatory issues on a scale that can, and has, led to outcomes that range from bankruptcy to extraordinary profitability. The Concentric team welcomes the opportunity to provide its unparalleled expertise to firms that wish to learn from others' mistakes and secure the benefits that nuclear power can provide to electric industry stakeholders.



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Nuclear Power Case Studies



Wisconsin Energy's Sale of Point Beach 1 and 2: WE wanted to carefully consider all of its strategic alternatives for its two nuclear generating units, including continuing to have them operated by the Nuclear Management Company, switching to a new contract operator, selling all or part of the units, maintaining rights to future generation development, and combinations of these alternatives. Concentric was retained to conduct this strategic analysis, in conjunction with WE's nuclear, power supply, regulatory, legal and financial staff. After completing this review, WE decided to pursue three of these options through a market test of alternative transaction structures, and retained Concentric as its financial advisor for these activities. Concentric prepared an offering memorandum, managed a highly technical and intensive due diligence process, solicited and evaluated numerous bids, negotiated the final transaction terms, facilitated numerous informational sessions with interested parties, and testified in support of the transaction in multiple regulatory jurisdictions. The terms achieved by WE and Concentric in this transaction set an industry record for the highest total transaction value for the sale of a nuclear power plant.



Florida Power & Light's New Nuclear Program: Concentric's staff members have provided assistance to FPL on several aspects of its new nuclear program, including resource planning, financial market requirements, the prudent investment standard, construction management audits, legislative initiatives, environmental benefits and benchmarking to other new nuclear programs. Concentric has provided expert testimony before the Florida Public Service Commission on multiple occasions on new nuclear topics, including the environmental and resource planning benefits of preserving the nuclear expansion option, the need for additional capacity, the reasonableness of FPL's pre-construction costs, compliance of FPL's new nuclear and extended power uprate programs with company-specific and industry-standard project management and risk management policies and procedures, and recommended improvements to the Company's procurement and cost control procedures. Concentric also provided testimony before the Florida Senate on issues relating to alternative financing mechanisms for new nuclear development and construction costs.



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Confidential DOE Loan Guarantee Assignment: A proponent of a two-unit new nuclear facility retained Concentric as its financial advisor for the purposes of preparing its DOE Loan Guarantee package and pursuing the loan guarantee in discussions with DOE. Working with the client's financial and nuclear power staff, Concentric collected the documentation necessary for Parts 1 and 2 of the loan guarantee application, drafted the application, assisted in the development of the financial model and pursued co-financing from two international export credit agencies. Prior and subsequent to the filing of the \$9 billion application, Concentric met with the DOE, responded to requests for additional information, participated in presentations of Part 1 and Part 2 of the application, and developed alternative financing plans, relying on higher and lower levels of loan guarantees. Throughout the assignment, Concentric has provided the client with competitive assessments of other loan guarantee applicants, strategies for improving the client's position in the loan guarantee ranking, and updates on the project development status of other new nuclear projects in North America.

Spent Nuclear Fuel Litigation: Concentric has provided litigation assistance and expert testimony to clients in six separate legal proceedings before the U.S. Court of Federal Claims on the government's breach of the Standard Contract for spent nuclear fuel disposal. Concentric's staff has screened and analyzed more than a hundred thousand pages of discovery materials in these cases, advised the clients' legal teams on alternative approaches to the quantification of damages, developed complex models to value the plants before and after the government's breach, and analyzed the effects of the breach on the plants' eventual decommissioning costs. Concentric's staff has submitted expert reports on a range of financial issues relating to the effects of the breach, and has testified on multiple occasions regarding these reports. While most of these cases are still pending before the Court of Federal Claims, one of Concentric's clients has already prevailed and received an award of damages in the tens of millions of dollars.



Confidential Nuclear Operating Synergies Study: Two electric utilities, each of which owns and operates one nuclear generating facility, retained Concentric to evaluate the potential synergies that could be achieved by contributing the assets to a newly created joint venture and combining the nuclear management and operating staffs of the two utilities. Concentric evaluated the synergies that could be achieved in operations, administration, fuel procurement, engineering and licensing, as well as potential regulatory issues that could affect the establishment of the joint venture. Concentric also evaluated the financial and asset valuation positions of the two owners, and advised them on the likelihood of success of the joint venture.



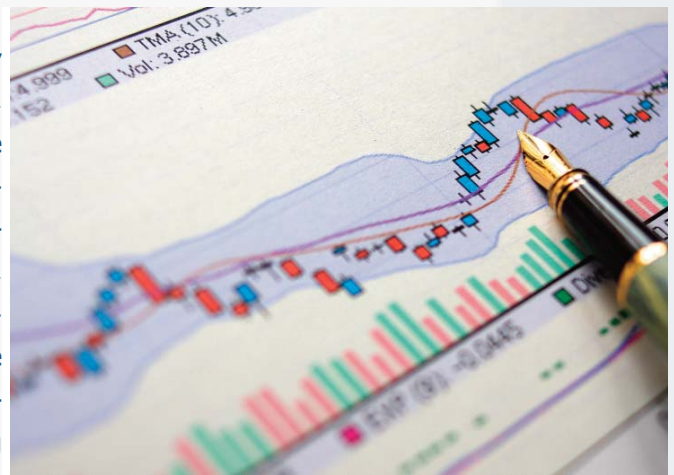
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Palo Verde Nuclear Generating Station Cost Study:

Concentric's staff members conducted a comprehensive study of the allocation of overhead costs to PVNGS by its operator, Arizona Public Service, as well as a high-level performance benchmarking study. PVNGS is jointly owned by seven organizations (APS, Salt River Project, Southern California Edison, Public Service Company of New Mexico, El Paso Electric, Southern California Public Power Authority, and the Department of Water and Power of the City of Los Angeles). The ownership and operation of the plant is governed by a variety of agreements. Concentric's work involved assessing these agreements, interviewing dozens of APS departments to



determine the level of support provided to or necessary for the operation of PVNGS, interviewing management from each of the owners, developing a cost allocation model to determine the appropriate range of allocated overhead costs, and benchmarking the performance of the plant to other nuclear facilities.

Confidential Nuclear Investment Advisory: Concentric was selected as the lead financial advisor to a major international corporation regarding potential U.S. nuclear investments. Services provided by Concentric include: strategic review of potential opportunities, solicitation of sponsors and partners, detailed evaluation of specific opportunities including valuation, project costs, scheduling, permitting issues, negotiations with counterparties, financing options, DOE loan guarantees and non-US financing opportunities.



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