

3/6/06
#050879



GRU Natural Gas Combined Cycle and Rate Analyses

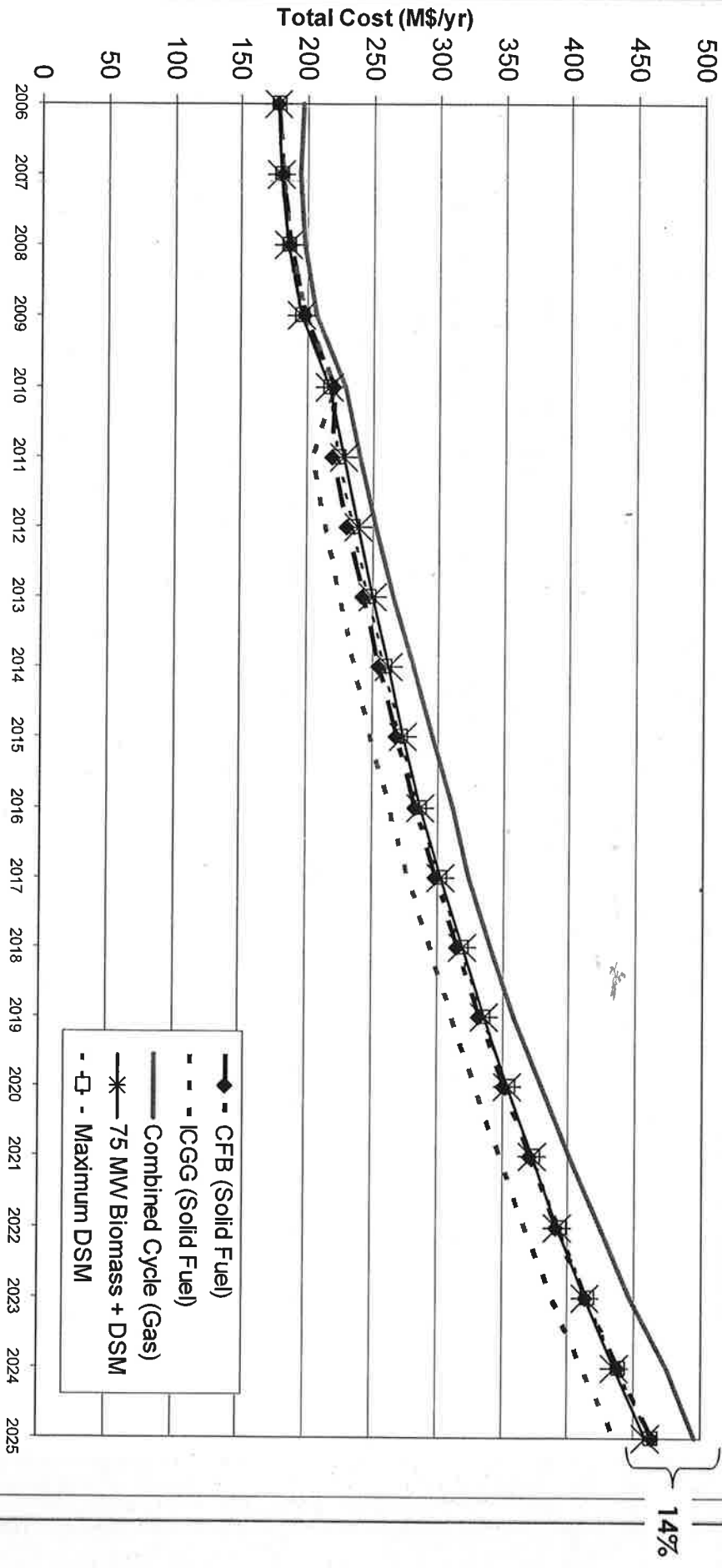
March 2006

Combined Cycle Option

- Used 240 MW Natural Gas Combined Cycle
- 18 Options (Load and Energy, Fuel Costs, Carbon Costs)
- ICF methodology & assumptions for fuel, production costs, heat rate, etc.
- Non-generating costs (Transmission, Distribution, GFT, Customer Service Costs, etc.) constant across all options

Total Cost by Option (M\$/yr)

(Exhibit 8-8, pp 195)



Source: Base data and CFB, IGCC, Biomass, DSM - ICF Exhibit 8-8, pp. 195, CC - GRU

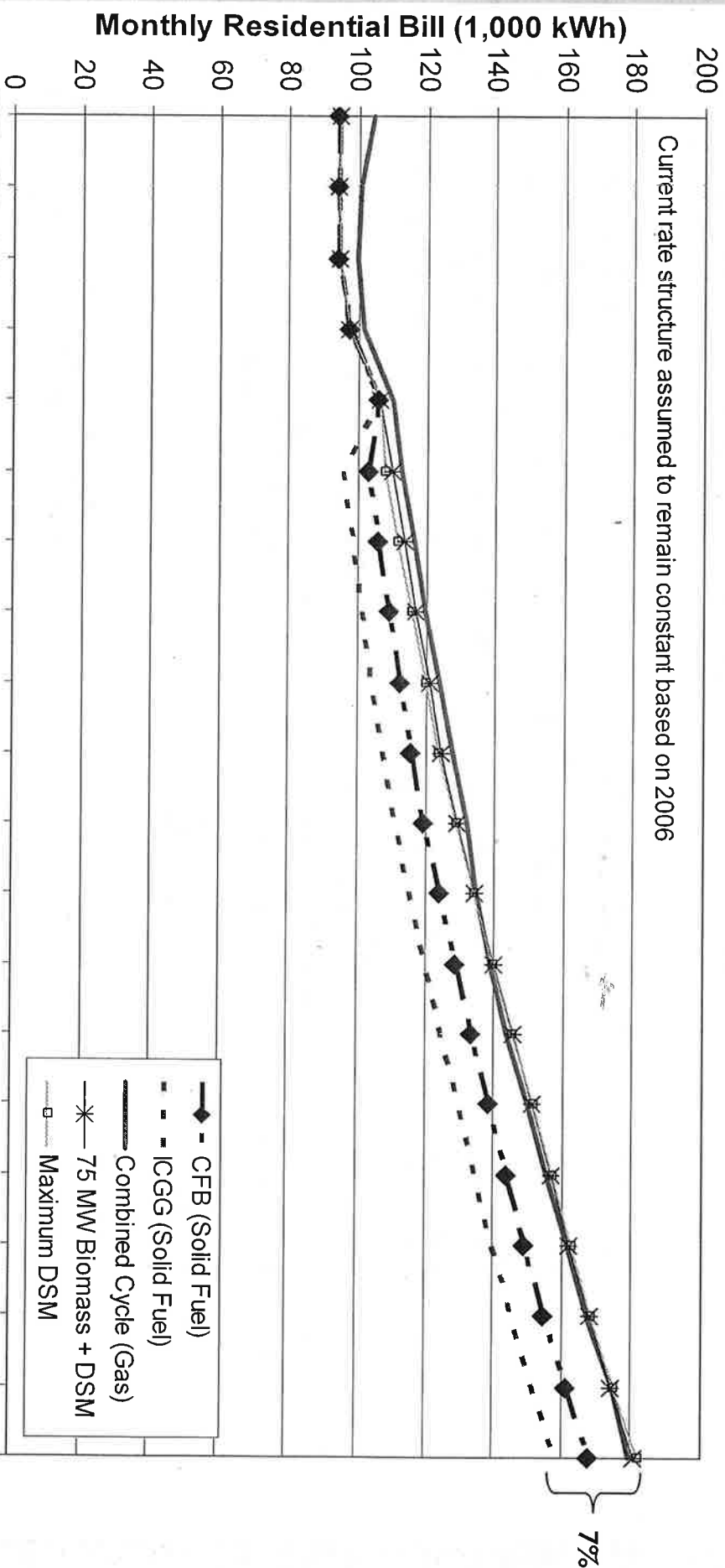
Rate Development

- Current rate structure assumed to remain constant based on 2006, across rate classes
- Total cost applied to projected MWh (lower for DSM Options)
- Source: ICF 3/1/06, Exhibit 8-8, page 195, GRU Combined Cycle

Residential Bill (1,000 kWh/month)



Current rate structure assumed to remain constant based on 2006



Source: Base data and CFB, IGCC, Biomass, DSM - ICF Exhibit 8-8, pp. 195, CC - GRU



Residential Bill Comparison

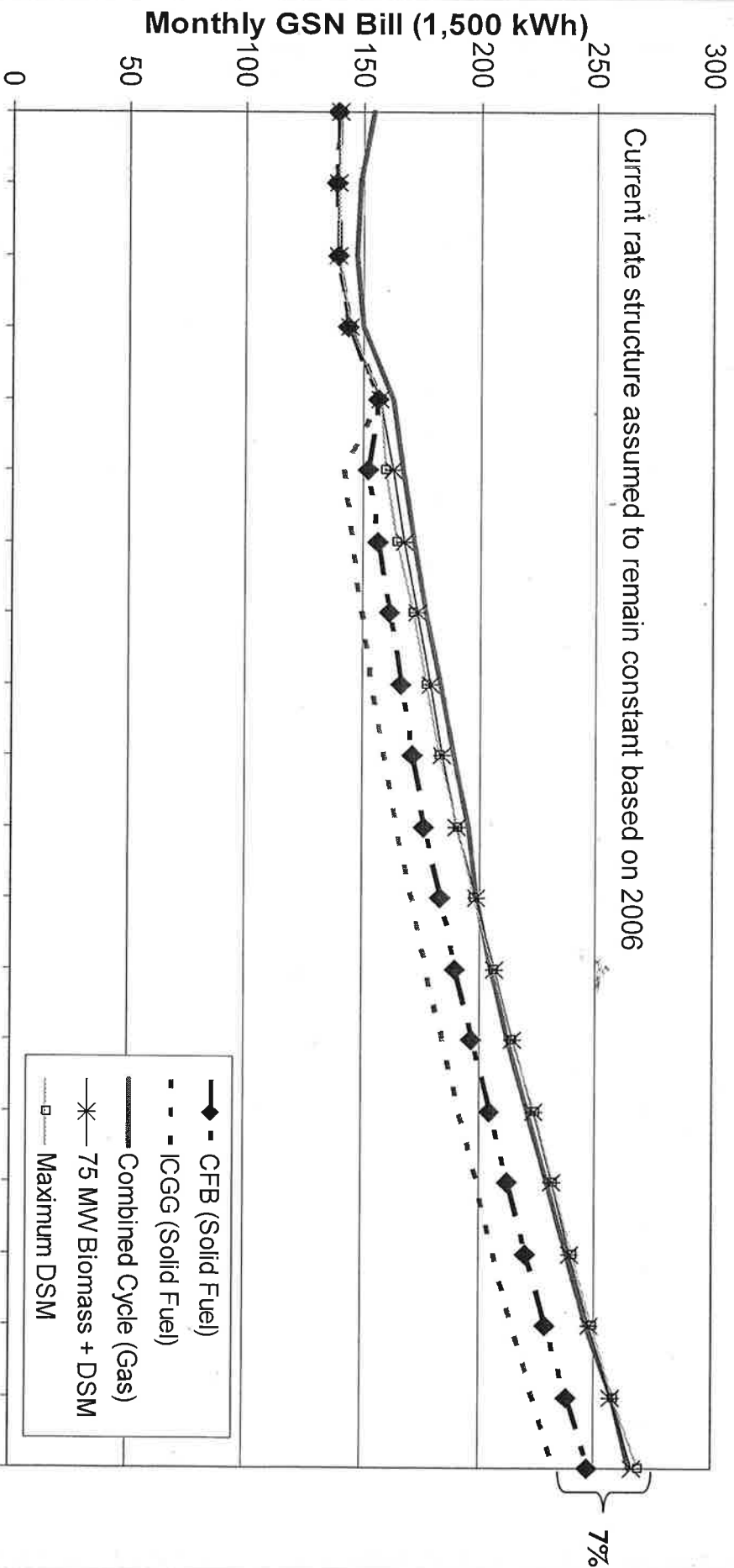
Option Bill 2025 % Change from 2006

IGCC (Solid Fuel)	\$ 157.54	50.9%
CFB (Solid Fuel)	\$ 167.68	60.6%
Combined Cycle (Gas)	\$ 179.51	71.9%
75 MW Biomass + DSM	\$ 180.59	73.0%
Maximum DSM	\$ 181.77	74.1%

Residential Bill in 2006 \$ 104.41

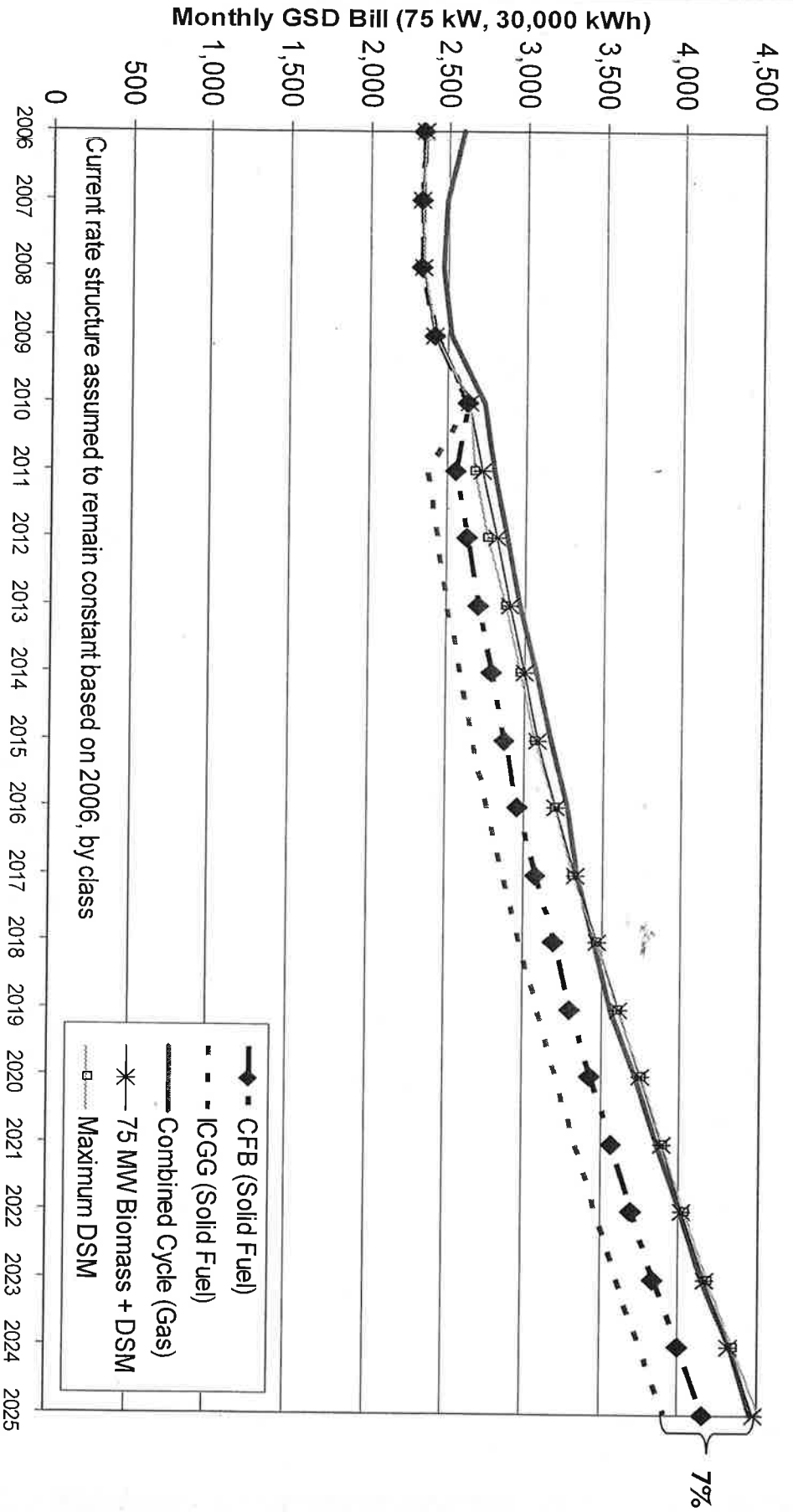
Source: Exhibit 8-8, ICF, Combined Cycle, GRU

General Service Non-Demand Bill (1,500 kWh/month) (Office, small store)



Source: Base data and CFB, IGCC, Biomass, DSM - ICF Exhibit 8-8, pp. 195, CC - GRU

General Service Demand (75 kW, 30,000 kWh) (Grocery Store)

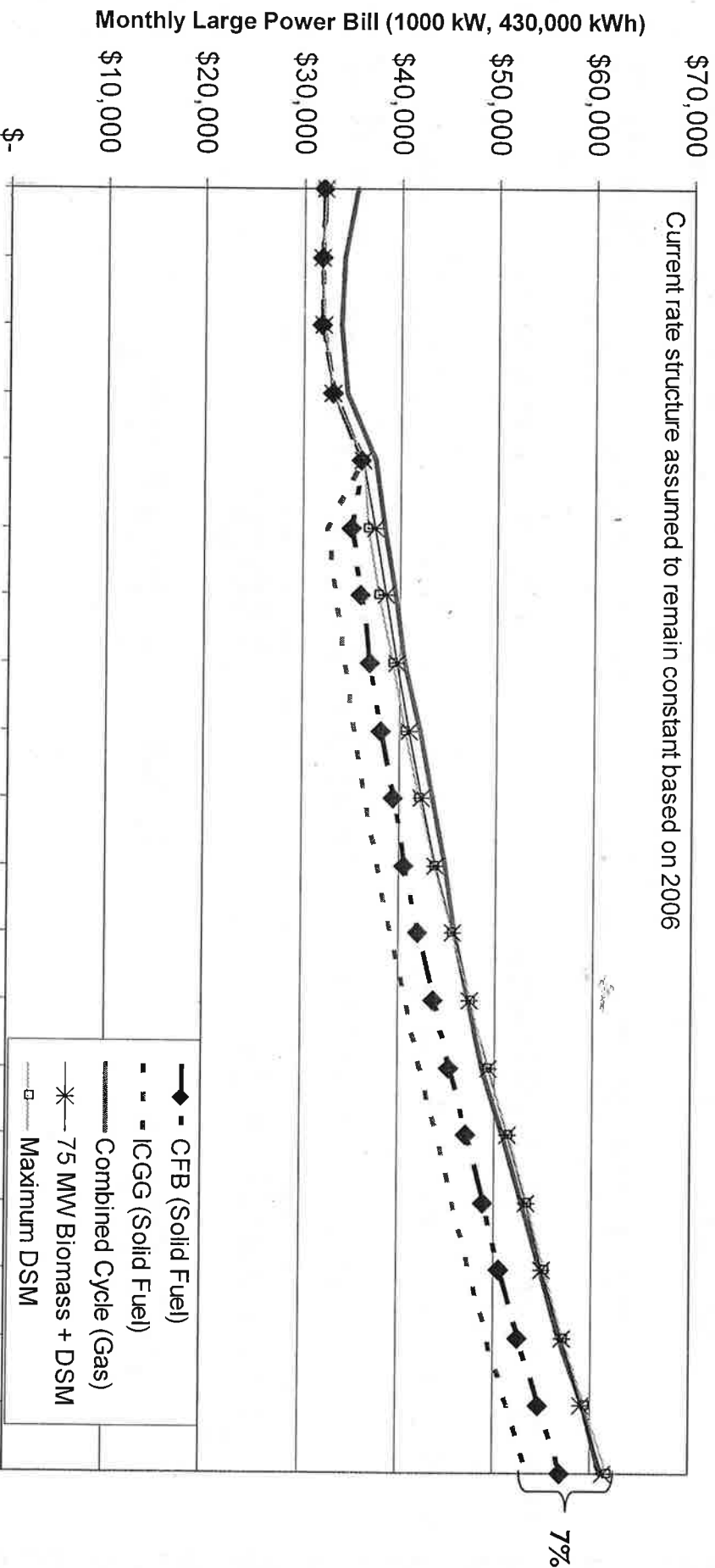


Source: Base data and CFB, ICGG, Biomass, DSM - ICF Exhibit 8-8, pp. 195, CC - GRU

Large Power Bill (1,000 KW, 430,000 kWh)



Current rate structure assumed to remain constant based on 2006



Source: Base data and CFB, IGCC, Biomass, DSM - ICF Exhibit 8-8, pp. 195, CC - GRU

Cost Ranking by Option



	Total Production Cost ¹	GRU Bill Comparison ²
Highest Cost ↓ Lowest Cost	Combined Cycle (Gas) 75 MW Biomass + DSM Maximum DSM	Maximum DSM 75 MW Biomass + DSM Combined Cycle (Gas)
	CFB (Solid Fuel)	CFB (Solid Fuel)
	IGCC (Solid Fuel)	IGCC (Solid Fuel)
	¹ NPV 2006 - 2025	² 2025 Rates

Source: Exhibit 8-8, ICF, Combined Cycle, GRU