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GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY

SAN JUAN, PUERTO RICO

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March 7, 2011

USARMY CORPS OF ENGINEERS
2011 MAR -7 P 2:32
ANTILLES REGULATORY SECTION

(b) (6)
Regulatory Project Manager
Antilles Regulatory Section
US Army Corps of Engineers
400 Fernández Juncos Avenue
San Juan, Puerto Rico 00901-3299

Re: Additional Information Requested for Vía Verde Project regarding Natural Gas Availability
SAJ 2010-02881 IP-EWG

Dear (b) (6)

The Puerto Rico Energy Power Authority (PREPA) filed a Joint Permit Application (JPA) with the U.S. Army Corps of Engineers (CoE) on September 20, 2010, regarding the construction of the Vía Verde Project. The Project involves the construction of a 92 miles pipeline of 24" diameter, originating at the LNG Terminal owned by EcoEléctrica Corporation (EcoEléctrica) in the Municipality of Peñuelas.

As requested, , this letter provides the CoE with additional information (which supplements the details provided in the JPA for the Project) which indicates that no additional Federal Energy Regulatory Commission (FERC) permits or authorizations are required in order for EcoEléctrica to provide natural gas service for the Vía Verde Project.

As indicated in the JPA, as well as in the approved Final Environmental Impact Statement (FEIS) prepared for the Project, the natural gas supply for the Project (approximately 93MM scf/day) will be purchased by PREPA in accordance with the Order and Authorization granted by FERC in 2009. This amount of gas will be utilized by PREPA in fueling the power plants that are part of its generating system, providing an option to dispatch the power generating units based on each unit's heat rate, as well as the overall operation cost. This will allow the selection, on a daily basis, of the most efficient operational scenario that yields a reduction in the power cost in Puerto Rico.

At this time, and with the natural gas volumes mentioned above, PREPA will be able to fuel, on different operational and loads ratios, Units 5 & 6 of the San Juan Steam Plant, Units 5 & 6 that recently were converted into dual fuel operation located at the South Coast plant, and PREPA's other co-fired generating units. The selection of the specific operating scenario for these units that yields the lowest operational cost to PREPA will be undertaken daily through the use of the installed Smart Grid Technology that integrates the use of computer algorithm utilized by PREPA for the last twenty years.

To accomplish the actual delivery of natural gas to PREPA's operational system in compliance with the FERC 2009 Authorization, PREPA will provide written notice to EcoEléctrica and FERC with respect to the change in the gas usage end point for the additional gas supply that has been authorized. Gas will be supplied through the use of an existing main header coming out from the gasifying units located within the EcoEléctrica facilities, as allowed by the FERC Order and Authorization. This infrastructure will be utilized in supplying natural gas to South Coast Plant units 5 & 6 in the forthcoming weeks.

It must be pointed out that all permits and authorizations required for the delivery of the volumes of natural gas mentioned above are in place at EcoEléctrica as of the date of this communication. This permit also considers an increase in the amount of LNG deliveries to the Peñuelas LNG terminal from the actual number of vessels of 12 per year to 24 vessels per year.

In the event additional information related to this subject is needed, please do not hesitate to contact us at your earliest convenience.

Cordially Yours,

Ángel L Rivera Santana, Director
Planning and Environmental Protection

c. Mr. Jaime Sanabria (EcoEléctrica)
Eng. Carlos Reyes (EcoEléctrica)
Vía Verde Project File