From:	Communications
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Subject:	GRU Now: GRU & GREC MOU
Date:	Wednesday, March 22, 2017 8:18:57 PM
Attachments:	image001.png image002.png image003.png

Important memo to employees

GRU Now

GRU & GREC MOU

March 22, 2017

I am happy to announce that GRU and GREC have reached an initial understanding regarding the framework of our purchasing the GREC facility, the details of which were provided to the media in a press release this afternoon.

The Memorandum of Understanding (MOU) – a nonbinding agreement – was executed after months of negotiations. The incentive for the MOU and a definitive agreement is to reduce electric rates for our customers by 8-10 percent, and reduce payments by GRU of almost $2.1 billion over the life of the PPA by $650 million or more. The agreed to purchase price is $750 million with a refinance rate of no more than 3.53 percent. GRU would be able to terminate the MOU if that rate were to increase.

We are developing plans for the facility to allow it to run at levels substantially lower than the current limit of 70 megawatts. A modified GREC would meet our future generation requirements while also allowing us to avoid a 2022 replacement cost of about $200 million for DH1.

Thanks for all of your hard work and understanding as we have worked

through this process. I see this as a transformational event for us, restoring the above market contract to an ownership position of an environmentally-friendly power generation facility which would diversify the utility's fuel mix for decades.