

Enhanced Use Lease  
Naval Support Facility Indian Head  
Questions and Answers, Part 2

**1. Q: Are the past five years of operating costs for base utilities available?**

A: Yes. The attached spreadsheet entitled NSF INDIAN HEAD TOTAL OPERATING COSTS shows the annual operating costs for base utilities for the past 5 years.

**2. Q: Can I joint venture with an Energy Services Company (ESCO)?**

A: The Energy Savings Performance Contract (ESPC) ESCOs have already been awarded contracts. No company (Joint Venture included) can bid on an ESPC other than those companies that have already been selected and awarded the Department of Energy ESPC contract. In addition, the Navy is no longer pursuing an ESPC so there would be no need for the EUL Developer to partner with an ESCO for the EUL project.

**3. Q: What's the purchase cost for electricity per kilowatt from the PEPCO delivery system?**

A: The Navy buys electricity through two separate contracts. We pay PEPCO to deliver the electricity to us; we have a separate contract to buy index-priced electric power on the market.

**4. Q: Would we be able to start negotiating a rate with the Navy now for purchase of power going out say 20 years so our financing sources are comfortable with our development of a power plant?**

A: The Navy would consider purchasing power from the EUL developer if the price was competitive with the market index – day ahead hourly Locational Marginal Price (LMP). The Navy does not negotiate rates.

**NSF INDIAN HEAD TOTAL OPERATING COSTS**

	2006	2007	2008	2009	2010
<b>Heating Supply</b>					
Fuel	\$ 6,375,499	\$ 6,934,646	\$ 13,004,606	\$ 12,165,378	\$ 11,698,938
Misc & Labor Cost	\$ 1,339,540	\$ 1,601,941	\$ 3,352,855	\$ 6,637,567	\$ 6,127,935
Heating Supply Total	\$ 7,715,040	\$ 8,536,588	\$ 16,357,461	\$ 18,802,945	\$ 17,826,873
<b>Electricity</b>					
Generation Cost	\$ 5,082,766	\$ 5,687,943	\$ 2,571,854	\$ 2,074,066	\$ 2,224,364
Purchased Utilities	\$ 2,664,000	\$ 2,849,000	\$ 5,695,020	\$ 3,542,700	\$ 3,613,554
Misc & Labor Cost	\$ 1,343,621	\$ 1,383,930	\$ 1,243,163	\$ 1,511,957	\$ 1,542,196
Electricity Total	\$ 9,090,387	\$ 9,920,873	\$ 9,510,037	\$ 7,128,723	\$ 7,380,114
<b>Potable Water</b>					
Total Contractual Cost	\$ 291,420	\$ 301,756	\$ 214,115	\$ 468,706	\$ 488,312
Misc & Labor Cost	\$ 780,570	\$ 803,987	\$ 415,661	\$ 287,497	\$ 397,354
Potable Water Total	\$ 1,071,990	\$ 1,105,743	\$ 629,775	\$ 756,203	\$ 885,666
<b>Non-Potable Water</b>					
Total Contractual Cost	\$ 489,010	\$ 742,272	\$ 607,407	\$ 491,123	\$ 647,979
Misc & Labor Cost	\$ 728,532	\$ 750,388	\$ 772,900	\$ 387,702	\$ 666,732
Non-Potable Water Total	\$ 1,217,542	\$ 1,492,660	\$ 1,380,307	\$ 878,825	\$ 1,314,711
<b>Sewage</b>					
Total Contractual Cost	\$ 653,620	\$ 515,729	\$ 578,549	\$ 363,475	\$ 1,276,752
Misc & Labor Cost	\$ 572,418	\$ 589,591	\$ 607,278	\$ 687,949	\$ 708,588
Sewage Total	\$ 1,226,038	\$ 1,105,319	\$ 1,185,827	\$ 1,051,425	\$ 1,985,339
<b>Pneumatic Power</b>					
Total Contractual Cost	\$ 502,800	\$ 513,184	\$ 501,748	\$ 716,359	\$ 761,745
Misc & Labor Cost	\$ 790,978	\$ 814,707	\$ 350,097	\$ 563,762	\$ 575,037
Pneumatic Power Total	\$ 1,293,778	\$ 1,327,891	\$ 851,845	\$ 1,280,121	\$ 1,336,782
<b>Total Operating Cost</b>	<b>\$ 21,614,774</b>	<b>\$ 23,489,073</b>	<b>\$ 29,915,252</b>	<b>\$ 29,898,242</b>	<b>\$ 30,729,486</b>