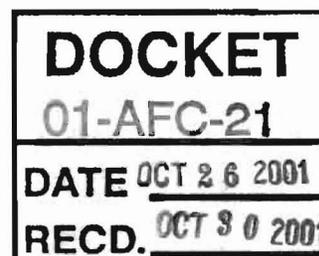


CALIFORNIA ENERGY COMMISSION

WILLIAM J. KEESE, CHAIRMAN
1516 NINTH STREET - MS-32
SACRAMENTO, CA 95814-5512
Telephone (916) 654-5000
Telefax (916) 654-4420

October 26, 2001

Board of Supervisors
Scott Haggerty
Alameda County Supervisor District 1
1221 Oak Street, Room 536
Oakland, CA 94612



Dear Supervisor Haggerty:

This letter is to inform you of a proposed electric power plant to be located in close proximity to the Alameda and San Joaquin county lines. The following information describes the project and explains the status of the Energy Commission's review of the project.

On October 12, 2001, Midway Power LLC, a Delaware limited liability company, filed an Application for Certification (AFC) for the Tesla Power Project. Midway Power is seeking approval from the California Energy Commission (Energy Commission) to construct and operate the Tesla Power Project. The site is located on a 60-acre portion of a 160-acre parcel in Alameda County, approximately 0.5 miles north of the PG&E Tesla substation. The 1,120 MW proposed Tesla Power Project would consist of four natural gas fired generators, and two steam turbine generators. The project will also include 0.8 miles of double-circuit 230-kV transmission line connected to the Tesla PG&E substation, a 24 inch 2.8 mile natural gas pipeline, and a 1.7-mile water line constructed along the Midway Road.

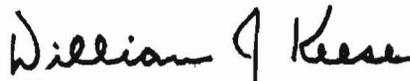
The Energy Commission is responsible for reviewing and ultimately approving or denying all applications for thermal electric power plants, 50 MW and greater, proposed for construction in California. The Energy Commission's facility certification process examines public health and safety, environmental impacts, and engineering aspects of proposed power plants and all related facilities such as electric transmission lines, natural gas pipelines and water pipelines. The Energy Commission is the lead agency under the California Environmental Quality Act (CEQA).

Over the next 6 to 12 months the Energy Commission will review this application and conduct a number of public workshops and hearings on the proposal to determine whether the project should be approved for construction and operation and, if so, under what set of conditions. These events will provide the public as well as local, State, and federal agencies the opportunity to ask questions about, and provide input on, the proposed project.

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If you would like a briefing on the project, please contact Tim Schmelzer, Office of Governmental Affairs, at (916) 654-4942, or by email at tschmelz@energy.state.ca.us. General questions about the project should be directed to Jack W. Caswell, Energy Commission Project Manager, at (916) 653-0062, or by E-mail at: jaswell@energy.state.ca.us. The status of the project, copies of notices, and other relevant documents are also available via the Energy Commission's Internet page at <http://www.energy.ca.gov/sitingcases/tesla>

Sincerely,


WILLIAM J. KEESE
Chairman

cc: CEC Docket 01-AFC-21
Tim Schmelzer, OGA
Roberta Mendonca, Public Adviser

WJK:ls