

Robert G. Burnley, Director
Commonwealth of Virginia Department of Environmental Quality
629 East Main Street
Richmond, Virginia 22319

August 24, 2005



Mirant Potomac River

Dear Mr. Burnley:

By letter of August 19, 2005, you requested that Mirant Potomac River, LLC (“Mirant”) immediately undertake action as necessary to ensure protection of human health in light of an air modeling study submitted to the Virginia Department of Environmental Quality (the “DEQ”) Friday August 19, 2005, in accordance with the Consent Order dated September 23, 2004, which identified modeled exceedances of the national ambient air quality standards (“NAAQS”) for sulfur dioxide, nitrogen dioxide and PM10 in the vicinity of the Potomac River generating station. In addition, you directed Mirant to provide a summary of the actions being taken and its progress toward elimination of these modeled NAAQS exceedances. This letter summarizes Mirant’s actions and constitutes Mirant’s response to these directives.

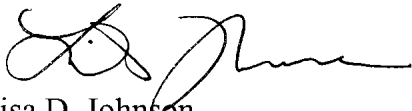
As of midnight August 21, 2005, Mirant reduced output of all five units at the plant to their lowest feasible levels and has remained at those levels pending further investigation of operational alternatives and their air quality implications. During the past five days Mirant has been working diligently to find appropriate operating proposals and has been analyzing these proposals using the modeling protocol that Mirant was required to apply in its study. The modeling protocol was designed to be very conservative, i.e. with many layers of intended, over-prediction of impacts so as to provide extra margins of safety to assure the protection of the public health.

Mirant understands that the DEQ seeks to have any temporary proposal achieve the NAAQS on a modeled basis, using the approved protocol with only minor amendments to reflect actual operations. As of now, Mirant has not identified a temporary operating proposal that fully achieves this standard. Accordingly, Mirant’s immediate short-term action plan is to shut down all five units at the power plant no later than midnight tonight, August 24, 2005. We will diligently continue further investigation and modeling of operational alternatives and their air quality implications. Mirant anticipates communicating with the DEQ as it develops more information and anticipates

proposing a temporary operations plan. Mirant will continue investigating various options including boiler SO₂ control technology, alterations to historical operations and changes to fuel specifications. To the extent changes to the existing stack configuration appear necessary, Mirant may propose a long-term plan that would enable installation.

Mirant is confident that a long term, permanent solution can be identified that will demonstrate improvements in the plant's contribution to the downwash situation such that modeled compliance with the NAAQS is achieved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa D. Johnson', with a stylized flourish at the end.

Lisa D. Johnson
President, Mirant Potomac River, LLC

cc: Deborah Jennings, Esq.