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AFC SUPPLEMENT:
Revised Water Supply Plan

Application for Certification (07-AFC-3)
for
CPV Sentinel Energy Project
Riverside County, California

February 19, 2008

Prepared for:

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URS

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ACRONYMS

AF	acre feet
AFC	Application for Certification
AFY	acre-feet per year
Cal/OSHA	California Office of Safety and Health Administration
CEC	California Energy Commission
CEQA	California Environmental Quality Act
CPVS	CPV Sentinel Energy Project
CVWD	Coachella Valley Water District
DWA	Desert Water Agency
DWR	California Department of Water Resources
gpd	gallons per day
LORS	Laws, Ordinances, Regulations, and Standards
MSWD	Mission Springs Water District
MWD	Metropolitan Water District of Southern California
NPDES	National Pollutant Discharge Elimination System
WWTP	Wastewater Treatment Plant
ZLD	zero liquid discharge

1.0 INTRODUCTION

This supplement to the Application for Certification (AFC) for the CPV Sentinel Energy Project (CPVS or proposed project) (Docket 07-AFC-3) describes a revised water supply plan for the CPVS. As detailed below, under the revised water supply plan, the onsite facilities installed to serve the CPVS, including onsite groundwater wells, are unchanged. However, the prior proposal to upgrade the Horton Wastewater Treatment Plant (WWTP) to tertiary treatment and the proposed purchase by the Applicant of reclaimed water from the Horton WWTP for groundwater recharge are eliminated. The primary elements of the revised water supply plan are described in two new agreements between the Applicant and Desert Water Agency (DWA):

- Memorandum of Understanding Concerning Additional Conservation of Fresh Water Within DWA ("Conservation Agreement") (Appendix A)

- Memorandum of Understanding for Implementation of Well Metering Agreement ("Implementation Agreement") (Appendix B)

In the case of the freshwater Conservation Agreement, new facilities would be added to the recycled system of DWA, and irrigation controllers would be provided to property owners within DWA's Service Area (see Section 3.0 below). The Conservation Agreement ensures that the project does not increase the net use of fresh water on a statewide basis and is intended to comply with California Energy Commission (CEC) policy regarding use of fresh inland water for power plant cooling.

In the case of the Implementation Agreement, no new facilities would be built. When fully implemented, the Implementation Agreement ensures that the Mission Creek Sub-basin will be recharged with imported water in quantities greater than the actual CPVS pumping of groundwater for cooling (see Section 4.0 below). The Implementation Agreement is intended to ensure that there is no diminishment of the physical supply of water in the Coachella Valley, and the Mission Creek Sub-basin specifically.

These agreements embody the changes to the water supply plan. DWA's Service Area as well as the details of the agreements are described below.

2.0 DWA SERVICE AREA

DWA's Service Area is shown on Figure 1 and includes the cities of Palm Springs, Desert Hot Springs, portions of Cathedral City, and certain unincorporated areas of Riverside County. DWA provides retail potable water service within Palm Springs and portions of Cathedral City and provides groundwater replenishment service throughout its boundaries. The City of Desert Hot Springs receives retail water service from the Mission Springs Water District (MSWD). MSWD and other groundwater producers within DWA purchase imported water from DWA through payment of a replenishment assessment. DWA provides sewerage service to portions of Cathedral City and unincorporated Riverside County. The City of Palm Springs provides sewerage service within its boundaries and performs primary and secondary wastewater treatment. Using the secondary effluent from the City of Palm Springs WWTP, DWA operates a 10-million-gallon-per-day Water Recycling Plant to provide tertiary treatment for recycled water, and provides retail service of recycled water (K&S, 2005). Figure 2 shows the City of Palm Springs WWTP and the DWA Water Recycling Plant as well as DWA's recycled water pipeline network.

3.0 CONSERVATION AGREEMENT

As detailed in previous responses to data requests, direct piping and use of available degraded water supplies by the project is economically infeasible or environmentally unsound. Thus, the Applicant

proposes to implement water recycling and conservation projects at other water-use sites to comply with CEC policy. The Applicant executed the Conservation Agreement with DWA on February 8, 2008. Under the terms of the Conservation Agreement, the Applicant will partner with DWA, which has a progressive and proven track record of freshwater conservation projects, to implement additional freshwater conservation measures over and above those that would otherwise occur within the DWA service territory.

The Conservation Agreement commits the Applicant to implement freshwater conservation up to 1,100 acre feet per year (AFY), which is the maximum project use of groundwater. The Applicant is proposing to implement two freshwater conservation programs, the details of which will be established in a later definitive agreement with DWA to be provided to the CEC prior to the Final Staff Assessment.

3.1 IMPROVEMENTS TO CONSERVE FRESH WATER

The two projects described below would be implemented to conserve fresh water in DWA's Service Area in excess of the CPVS use of groundwater. An assessment of the possible environmental consequences of these two options is presented in Section 5.0.

3.1.1 Recycled Water Connection of the Palm Springs National Golf Course

The Palm Springs National Golf Course currently uses fresh water from private groundwater wells for irrigation purposes. The Applicant would fund the installation of a recycled water line to serve the golf course. The new recycled water line would consist of approximately 900 feet of 12-inch pipeline extending from an existing DWA service main located along South Murray Canyon Drive (Figures 3 and 4). The recycled water line would connect to an existing water feature at the golf course, which serves as a storage reservoir for the irrigation system at the golf course property. The new pipeline would be constructed within the existing street right-of-way and the golf course property. Cross-connection testing and resolution would be in compliance with California Department of Public Health standards for golf course retrofits promulgated under California Code of Regulations Title 22. Appropriate signage would be placed on the golf course, including standard warnings regarding the non-potable nature of the irrigation water supplies.

Table 1 shows the quantities of wastewater treated and available supplies of effluent from the City of Palm Springs WWTP as well as the amount of recycled water produced by the DWA Water Recycling Plant in 2007. In addition, Table 1 shows the demands of the Palm Springs National Golf Course which could be converted to recycled water use to conserve the fresh water currently pumped by the golf course to supply its irrigation demands.

This project would reduce freshwater pumping by Palm Springs National Golf Course, and supply recycled water from the DWA Water Recycling Plant; thereby using recycled water sources to conserve freshwater supplies. Based on the volumes from 2007, the project would initially conserve approximately 680 AFY of fresh water from existing sources of recycled water by serving the demands of the golf course, except in the peak demand periods for irrigation. Over time, as the available sewage effluent from the City of Palm Springs increases, DWA would be able to supply all of the annual demand of the golf course and conserve this volume of fresh water. As presented in DWA's Urban Water Management Plan, the amount of wastewater collected and treated at the City of Palm Springs WWTP is anticipated to increase to approximately 8,100 AFY by 2010 and to approximately 9,500 AFY by 2020 (K&S, 2005).

Table 1
Wastewater Treatment Quantities and Palm Springs National Golf Course Water Demands
Summary for 2007

Month	City of Palm Springs WWTP Influent (AF)	Discharge to Percolation Ponds (AF)	Amount Treated at DWA Water Recycling Plant (AF)	Palm Springs National Golf Course Water Demands (AF)
Jan	581	346	236	64
Feb	543	290	252	65
Mar	658	374	284	59
Apr	639	185	457	82
May	620	57	564	115
Jun	602	71	532	113
Jul	588	22	566	106
Aug	571	60	511	115
Sep	540	120	420	46
Oct	563	23	540	138
Nov	596	190	406	76
Dec	526	305	221	55
Total	7,027	2,043	4,986	1,034

Data provided by Mark Krause of DWA, February 2008.
AF=acre feet

3.1.2 Irrigation Management Controllers Retrofit Program

Approximately 70 percent of the water use within DWA's Service Area is for outdoor irrigation. Currently, approximately 35 percent of this water use is over-application of water, which either runs off and evaporates or percolates as brackish return flow into the groundwater basin. DWA has initiated a cooperative plan with the Building Industry Association to provide new homes built within DWA's Service Area with irrigation system controllers that use evapotranspiration and the ambient temperature to limit outdoor water application to what is actually needed. This existing program has demonstrated the effectiveness of the irrigation controllers in conserving fresh water.

The Applicant will fund installation of these irrigation controllers for a portion of existing customers to complement the DWA program of offering them to new homes. The number of controllers to be funded by the Applicant will be based on the number of controllers necessary to conserve sufficient fresh water to offset the CPVS's use of groundwater after accounting for conservation achieved through the Palm Springs National Golf Course water recycling program. Installation of these high-tech irrigation controllers would conserve fresh water from DWA's retail system wells or from other water system's wells within DWA's boundaries. This would conserve freshwater supplies throughout DWA's Service Area.

DWA has estimated that with the installation of these irrigation controllers, existing customers could reduce outdoor water application by approximately 0.1 acre-foot (AF) per residential unit. Based upon these conservative estimates, installation of the irrigation controllers on all existing residential services[1] within DWA's Service Area could save more than 3,000 AFY.

DWA's estimates of the potential savings from the irrigation controller retrofit program appear to be quite conservative. The Coachella Valley Water District (CVWD) conducted a rigorous measurement of the actual water savings from the installation of these irrigation controllers in a pilot installation test program. The final report on that pilot irrigation controller retrofit program is provided in Appendix C. That report details significantly higher water savings than estimated by DWA. Based upon the savings-estimates of the CVWD program, the installation of these irrigation controllers on all residential services within DWA's service area could yield annual water savings of 4,580 AFY.

3.2 ADDITIONAL FUNDING TO ENHANCE DWA's RECYCLED WATER SYSTEM

In addition to the two projects identified in Section 3.1 above, the Applicant will provide additional funding to DWA to potentially accelerate planned capital development of its recycled water system to improve the reliability of service and maximize summer-period recycled water service capabilities. DWA will conduct its own environmental review of these projects.

4.0 IMPLEMENTATION AGREEMENT

The Applicant has executed an option agreement that allows it to obtain the rights and obligations of Ocotillo LLC under an existing Well Metering Agreement with DWA, provided in Appendix D. On February 8, 2008, the Applicant executed the Implementation Agreement with DWA (using the former name of the project) which describes the commitment of DWA and the Applicant to obtain additional water deliveries from the California Aqueduct.

Under the Implementation Agreement, the Applicant would purchase water through DWA equal to 108 percent of the project's groundwater production. DWA would exchange this water for Colorado River water and deliver Colorado River water to recharge the existing spreading grounds in the Mission Creek Sub-basin. DWA would spread enough water to ensure that imported water equal to at least 100 percent of the project's pumping would recharge the groundwater sub-basin. DWA would transfer ownership of a volume of this recharged water, equivalent to 100 percent of the project's pumping, to the Applicant. Title to the additional 8 percent imported water would remain with DWA to cover incidental losses in the delivery, and to benefit all water users within DWA's Service Area.

The 8 percent water duty paid to DWA pursuant to the Implementation Agreement compensates DWA for moving these additional volumes of water through the importation facilities, which DWA has contracted to use, and for the use of the existing spreading grounds and delivery pipeline owned by DWA. No new facilities or new contractual arrangements are required for DWA to deliver the imported water into the groundwater sub-basin. Under the terms of the existing exchange agreement between DWA and Metropolitan Water District of Southern California (MWD), the water that DWA receives from the California Aqueduct is delivered to MWD upon the delivery schedule established by the State of California Department of Water Resources (DWR), and in exchange, MWD delivers Colorado River water to DWA upon a delivery schedule established by MWD.

Although the Applicant would acquire an amount of imported water from DWA equal to the amount of groundwater pumped at the project site, the Applicant would also continue to pay the DWA replenishment assessment on all of its groundwater production. The replenishment assessment enables

[1] Water savings are based on 18,518 DWA residential customers and 12,705 Mission Springs Water District customers for a total of 31,223 customers.

DWA to recover water transportation charges and/or purchase additional imported water for spreading in the sub-basin to the benefit of all groundwater users. Moreover, because its facility is located within the DWA boundaries, a portion of the Applicant's property taxes will be paid to DWA to cover fixed cost obligations of DWA for its water delivery systems and contracts at the full rate applicable to all property within DWA without any diminishment reflecting either the importation of water paid for by the Applicant or the 8 percent water duty paid to DWA under the Implementation Agreement. Thus, through the combination of the replenishment assessment and property taxes, the Applicant would pay all of the charges of DWA applicable to DWA's cost obligations for its existing and future supplies of imported water. Indeed, the Implementation Agreement specifies that DWA will spread Applicant's imported water into the Mission Creek Sub-basin over and above the amounts DWA would spread within the sub-basin if the Implementation Agreement did not exist.

The CEC staff has questioned the adequacy of the existing DWA supplies in light of recent court actions that temporarily reduce the ability of DWR to pump water from the Sacramento San Joaquin Delta into the California Aqueduct to supply existing contractual commitments of the State Water Project, including the entitlements of DWA. Moreover, CEC staff (in Data Request 42) requested analyses from the Applicant to document the future adequacy of those supplies. The Applicant notes that DWA has taken consistent and progressive actions to purchase additional State Water Project supplies to ensure that adequate supplies exist to meet existing and future delivery obligations. As recently as last November, DWA purchased additional State Water Project entitlements to receive delivery of additional waters beginning in year 2010. It is reasonable to expect that DWA would continue to take similar actions should they be necessary to ensure the future adequacy of imported supplies to the DWA service territory.

Nevertheless, through the Implementation Agreement, the Applicant has ensured a source of replenishment water for the project, the adequacy of which does not depend upon the adequacy of DWA's existing or future water supplies. This agreement has been undertaken by Applicant despite assurances from DWA that its existing water supplies from the State Water Project, and purchases of additional excess water during wet years in the state and additional entitlement water, are adequate to meet the replenishment needs within its boundaries for all existing users and for all future users currently approved for development, plus the demands of the project.

The Implementation Agreement relies upon the existing contract between DWR and DWA for entitlement rights in the State Water Project, including rights to receive water from the State Water Project and to use specific capacity allocations within the California Aqueduct to deliver entitlement and other waters. Moreover, DWA's exchange agreement with MWD makes possible the specific delivery obligations that DWA undertakes within the Implementation Agreement to deliver Colorado River water to the Mission Creek Sub-basin for the benefit of the project. No other agreements are needed to accomplish the delivery of water to the sub-basin, and no new facilities are needed to accomplish the delivery.

The use of onsite wells owned by the project to recover imported water spread by DWA as described in the Well Metering Agreement and the Implementation Agreement completes all agreements necessary for service of water to meet the demands of the project. No approval from any other entity is needed to complete the service agreements. Thus, nothing further is required to complete the will serve commitments that the CEC has sought in the prior Data Request 39.

It is possible that several sources of new water would be delivered into the California Aqueduct to be purchased by DWA and paid for by the Applicant under the Implementation Agreement. Some possible sources of these purchases are currently under negotiation. The Applicant will provide, under confidential cover, periodic updates on the status of those negotiations. In all cases, DWA would purchase and Applicant would pay for waters already approved for transfer by DWR and reviewed pursuant to the California Environmental Quality Act (CEQA). Thus, it is anticipated that the CEC's review of the environmental impacts of any such transfer would be limited to the effects that delivery of

the transferred water would have within the project area. It is possible that the Applicant would be able to conclude purchases of all future water and allow CEC review of the portfolio of water purchases prior to certification. If not, the Applicant would work with the CEC to establish conditions of certification that provide for appropriate review and approval by the CEC of specific transfers as they are purchased.

The Applicant's prior evaluations of the environmental effects of its water supply plan fully incorporate the effects of importing and recharging water as contemplated in the Implementation Agreement. No facilities would be constructed beyond the wells and pipelines currently described in the AFC, therefore, no significant impacts from the construction have been identified.

With respect to project operations, the potential impacts from the project relate to the effects within the groundwater sub-basin from the pumping of groundwater and the recharge with imported water. The Applicant's responses to Data Requests 62 through 64 fully address those potential impacts with a very conservative evaluation protocol. In the Applicant's responses filed on January 22, 2008, the evaluation of potential impacts within the sub-basin has been adjusted to eliminate the possible recharge of the sub-basin with reclaimed water from the Horton WWTP. Moreover, the evaluations assume that only the water from the Implementation Agreement would be recharged at the DWA spreading grounds.

In its Data Responses, the Applicant made very conservative assumptions regarding the maximum possible pumping rates by the project, the hydraulic conductivity of the sub-basin, and the possible differences between the real time scheduling of recharge deliveries and rates of groundwater pumping by the project. Those simulations and sensitivity evaluations document that the groundwater pumping and recharge as proposed has no potential to cause adverse effects on the sub-basin, the environment, or other water users within the sub-basin. Because the Applicant has chosen to both import its own water supply for recharge while also paying for its share of existing sources of recharge water via the replenishment assessment, all users in the sub-basin would benefit from an increased net supply of recharge water to the sub-basin.

5.0 ENVIRONMENTAL CONSEQUENCES

As mentioned above in Section 3.1, two DWA improvement projects are proposed by the Applicant. These improvements are the installation of recycled water pipeline to the Palm Springs National Golf Course and installation of irrigation controls at existing DWA customer locations.

The installation of irrigation controls consists of placing controllers on existing irrigation systems at individual homes within DWA's Service Area, which will result in the significant beneficial effect of freshwater conservation. No significant adverse environmental impacts are expected to occur.

The following environmental consequences discussion evaluates potential environmental impacts associated with construction and operations of a 12-inch recycled water line proposed to be installed from an existing DWA recycled water line to Palm Springs National Golf Course. The new pipeline would extend from an existing 24-inch recycled water line on the south side of South Murray Canyon Drive, cross under the road, and then enter the golf course where it would discharge into an existing water feature used to store irrigation water (Figure 4). The construction right-of-way for the new pipeline would be approximately 900 feet long by 4 feet wide and a maximum of 4 feet deep. Construction laydown may also occur along the pipeline right-of-way or on portions of the golf course parking lot. The total area of disturbance is expected to be less than 0.1 acre. Construction of the entire pipeline is expected to be completed within one month; the portion of the pipeline crossing the road can be completed in about one day. South Murray Canyon Drive has a very wide right-of-way, and it is anticipated that one lane can be kept open to traffic in both directions at all times. DWA expects that construction will require up to five staff, and between five and ten pieces of equipment (including a backhoe, trucks to deliver materials, one dump truck, and a compactor).

5.1 AIR QUALITY

5.1.1 Construction Emissions

Air quality impacts during construction of the proposed recycled water pipeline would include exhaust from construction equipment vehicles and fugitive dust from land disturbance. Construction of the recycled water pipeline is a relatively minor project consisting of installing 900 feet of pipeline, 4 feet below the ground surface. Construction is expected to be completed within one month and the area of disturbed land is estimated to be less than 0.1 acre.

The increase in criteria and non-criteria air pollutants would be temporary and minor in nature. Best management practices will be employed during construction of the recycled water pipeline to control fugitive dust and construction equipment emissions. These include dust suppression measures, such as watering, to minimize fugitive dust, and controlling emissions from construction equipment by limiting engine idling time, and maintaining construction equipment within manufacturer's specifications. Based on these factors, air quality impacts from construction of the recycled water pipeline are expected to be less than significant.

5.1.2 Operational Emissions

Land disturbance from installation of the recycled water pipeline would be temporary because disturbed areas will be repaved or re-turfed following construction. Therefore, air quality impacts from operations of the recycled water pipeline are expected to be less than significant.

5.2 BIOLOGICAL RESOURCES

5.2.1 Construction

The proposed recycled water line would be buried and would traverse an existing road and golf course. The surrounding area consists of residences and golf courses (Figure 4). The habitat within the new pipeline construction boundaries contains municipal hardscape (paved roads and concrete walkways) and ornamental landscaping. Sensitive vegetation is not likely to be disturbed, as individuals and populations are not present. Native wildlife found within the area are migratory or highly mobile. Species such as lizards or rabbits would be able to relocate or escape prior to construction activities. Because the construction activities are temporary in nature, long-term impacts are not anticipated. Potential impacts to biological resources during construction are expected to be less than significant.

5.2.2 Operation

An existing water feature on the golf course stores water for irrigation purposes. This water is currently supplied by onsite private groundwater wells. The proposed water pipeline would discharge recycled water into the water feature. Biological resource impacts could occur through contact or ingestion by wildlife of the water stored in the water feature. However, the recycled water discharged into the water feature would be treated to tertiary levels and is not expected to present any significant risks to wildlife. Furthermore, due to the disturbed nature of the golf course and the surrounding area, common use of the water feature is expected to be limited to introduced species (i.e., bullfrogs). Therefore, impacts to biological resources during operations are expected to be less than significant.

5.3 CULTURAL RESOURCES

5.3.1 Construction

A California Historic Resources Information System rapid response records search was conducted on February 13, 2008 at the Eastern Information Center at the Department of Anthropology, University of California, Riverside. The purpose of this records search was to identify all previously conducted archaeological surveys and studies, as well as all previously recorded archaeological (including both prehistoric and historic) sites within a ½-mile search radius of the proposed recycled water pipeline. The results of the records search are provided separately under confidential cover.

The records search revealed three previously conducted surveys within the search radius. These studies identified a cultural resource approximately ½ mile west of the proposed recycled water pipeline. The route of the proposed recycled water pipeline was not part of these studies.

The proposed recycled water pipeline will be constructed within the South Murray Canyon Drive public right of way and the Palm Springs National Golf Course. An examination of aerial photography for the construction area did not identify exposed ground since this land is covered by pavement, landscaping, or turf for the golf course. For this reason, a field survey of the proposed recycled water pipeline route was not conducted.

As described in Section 7.3 of the AFC, the area is within the territory of the Cahuilla. Cultural resources have been identified within ½ mile of the proposed recycled water pipeline. It is possible that previously undiscovered archaeological resources may be exposed during construction activities. Unless these resources are properly evaluated and managed, this could result in adverse impacts to cultural resources. Mitigation measures CUL-1 to CUL-7 in Section 7.3.4 of the AFC will be implemented to avoid impacts to cultural resources. With the implementation of these mitigation measures, cultural resource impacts during construction are expected to be less than significant.

5.3.2 Operation

The recycled water pipeline will be buried below ground and would not result in impacts to cultural resources during operations. Therefore, cultural resource impacts during operations are expected to be less than significant.

5.4 LAND USE

5.4.1 Construction

The recycled water pipeline will be within the City of Palm Springs, approximately 10 miles south of the proposed CPVS power plant (Figure 3). The recycled water pipeline will be constructed within the South Murray Canyon Drive right-of-way and two parcels of Alloted Trust Land, within the golf course, held by the Agua Caliente Band of Cahuilla Indians (Tribe). The Assessor's Parcel Numbers (APNs) for these parcels are 512-08-0001 and 512-02-0014. The golf course has site control over these parcels through a long term lease from the Agua Caliente Development Authority through the year 2031, with an option to extend.

The Tribe and the City of Palm Springs came to an agreement in the 1970s specifying that the City's land use regulations would be imposed over Indian Trust Lands. The City of Palm Springs has zoned the two Palm Springs National Golf Course parcels as Indian Land and has included them within the Open Space–Parks/Recreation designation on the General Plan land use map. Land designated as Open Space–Parks/Recreation is intended to be used for active recreational uses such as regional, local, and

neighborhood parks, community centers, public and private golf courses, and any recreational facility operated by a public or quasi-public agency.

Land within a 0.25-mile radius of the proposed recycled water pipeline is primarily used for residential uses and open space (golf courses and related facilities). Land used for residential uses is included in the Single Family Residential (R-1-C) or the Limited Multiple (R-2) zoning districts and is designated Very Low Residential or Medium Density Residential on the General Plan land use map. The golf course (Indian Canyons Golf Resort) on the south side of South Murray Canyon Drive is zoned Indian Land and is included within the Open Space–Parks/Recreation designation on the General Plan land use map.

The nearest noise-sensitive receptors are golf course patrons and residences located directly west of the proposed pipeline corridor. No significant construction noise impacts on these receptors are expected to result from the proposed recycled water pipeline (see Section 5.5 below).

No existing agricultural land uses are along the proposed recycled water pipeline route or within a 0.25-mile radius. The recycled water pipeline route will be on land designated by the California Department of Conservation (DOC) as "Urban and Built-up Land." Land within a 0.25-mile radius is designated by the DOC as "Urban and Built-up Land" or "Other Land." Urban and Built-up Land is defined by the DOC as:

> "land occupied by structures with a building density of at least 1 unit to 1.5 acres, or approximately 6 structures to a 10-acre parcel. This land is used for residential, industrial, commercial, construction, institutional, public administration, railroad and other transportation yards, cemeteries, airports, golf courses, sanitary landfills, sewage treatment, water control structures, and other developed purposes."

Other Land is defined by the DOC as:

> "land not included in any other mapping category. Common examples include low density rural developments; brush, timber, wetland, and riparian areas not suitable for livestock grazing; confined livestock, poultry or aquaculture facilities; strip mines, borrow pits; and water bodies smaller than forty acres. Vacant and nonagricultural land surrounded on all sides by urban development and greater than 40 acres is mapped as Other Land" (DOC, 2008).

Construction of the proposed water pipeline will bring recycled water from an existing DWA service main along South Murray Canyon Drive to the existing water feature on the Palm Springs National Golf Course, which is used for golf course irrigation. The recycled water would reduce freshwater pumping by Palm Springs National Golf Course. This would not result in any land use changes and would not conflict with existing land uses, City of Palm Springs zoning district provisions, or City of Palm Springs General Plan land use designations. The project would not require a conditional use permit from the City of Palm Springs. Required permit approvals would be limited to an encroachment permit from City of Palm Springs for construction, and permits for the use of recycled water at the golf course from the Department of Health and the Regional Water Quality Control Board (RWQCB). No construction impacts on agricultural resources are expected because the recycled water pipeline route and land within a 0.25-mile radius is not used for agricultural purposes, and is designated by the DOC as "Urban and Built-up Land" or "Other Land." Therefore, potential impacts to land use and agricultural resources during construction are expected to be less than significant.

5.4.2 Operation

The recycled water pipeline will be below ground, and would not result in any land use changes, or conflict with existing land uses, City of Palm Springs zoning district provisions, or City of Palm Springs

General Plan land use designations. No operational impacts on agricultural resources are expected to occur since the recycled water pipeline route and land within a 0.25-mile radius is not used for agricultural purposes, and is designated by the DOC as "Urban and Built-up Land" or "Other Land." Therefore, potential impacts to land use and agricultural resources during operation are expected to be less than significant.

5.5 NOISE

5.5.1 Construction

As discussed above, the recycled water pipeline construction right-of-way would be 900 feet long and approximately 4 feet wide. Most of the construction would occur within the existing golf course, with the exception of a portion of the pipeline that would cross under South Murray Canyon Drive (Figure 4). Construction of the pipeline is expected to be completed within one month.

Construction of the recycled water pipeline would result in a short-term temporary increase in daytime noise levels due to the use of construction equipment. Nearby noise-sensitive receptors include the golf course patrons and residences directly west of the proposed pipeline corridor.

In accordance with Palm Springs Municipal Code Sections 11.74.042 and 8.04.220, construction activity would be limited to 7 a.m. to 7 p.m. on weekdays, and 8 a.m. to 5 p.m. on Saturdays, with no work on Sundays or public holidays. The noise ordinance does not limit noise levels from construction activities (Tatum, 2008). DWA would coordinate the construction schedule with the golf course to minimize disruption to golf course patrons. Based on compliance with the local noise ordinance and the short-term nature of construction activities, noise impacts during construction are expected to be less than significant.

5.5.2 Operation

The recycled water pipeline will be buried below ground and no increases to noise levels in the area are expected during operations. Therefore, noise impacts during operations are expected to be less than significant.

5.6 PUBLIC HEALTH

5.6.1 Construction

Construction of the recycled water pipeline is a relatively minor project consisting of installing 900 feet of pipeline 4 feet below the ground surface. Construction is expected to be completed within one month and the area of disturbed land is estimated to be less than 0.1 acre.

The minor increase in criteria and non-criteria air pollutants would be temporary and minor in nature. As discussed under Section 5.1, best management practices will be employed during construction of the recycled water pipeline to control fugitive dust and construction equipment emissions. These include dust suppression measures, such as watering, to minimize fugitive dust, and controlling emissions from construction equipment by limiting engine idling time and maintaining construction equipment within manufacturer's specifications. Based on these factors, public health impacts from construction are expected to be less than significant.

5.6.2 Operation

The recycled water pipeline would extend from an existing DWA recycled water line along South Murray Canyon Drive, run north through the golf course, and then discharge into an existing water feature used

by the golf course to store water for irrigation purposes. The water feature on the golf course currently stores fresh water from an onsite groundwater well. Recycled water would be used on the Palm Springs National Golf Course for irrigation in accordance with California public health standards included in California Code of Regulations Title 22. DWA recycled water is currently used at four golf courses within Palm Springs (Figure 2). Cross-connection testing and resolution would be completed to protect against backflow of recycled water into the public water supply. Signage would be placed on site, including warnings explaining the non-potable nature of the golf course irrigation supplies. Based on these factors, public health impacts associated with the use of recycled water for irrigation are expected to be less than significant.

5.7 WORKER SAFETY AND HEALTH

5.7.1 Construction

Construction of the recycled water pipeline is a relatively minor project consisting of installing 900 feet of pipeline 4 feet below the ground surface. Construction is expected to be completed within one month and the area of disturbed land is estimated to be less than 0.1 acre.

Construction activities would require the use of heavy construction equipment, such as a backhoe. Workers constructing the recycled water pipeline may be injured by potential hazards such as slipping, tripping or falling; improper lifting; overexposure to noise; heat stress; falling loads; vehicle or pedestrian/vehicle accidents; collapse of trenches; collisions with workers or equipment; or improper use of tools. The construction contractor will be responsible for establishing and implementing programs to minimize potential workplace injuries and illnesses. This would include implementing appropriate administrative procedures; using personal protective equipment; and complying with applicable health and safety laws, ordinances, regulations and standards (LORS) established by the California Occupational Safety and Health Administration (Cal/OSHA) and the California Health and Safety Code. Based on these factors, worker safety and health impacts during construction are expected to be less than significant.

5.7.2 Operation

Recycled water would be used on the Palm Springs National Golf Course in accordance with California public health standards included in California Code of Regulations Title 22. Signage would be placed on site, including warnings explaining the non-potable nature of the golf course irrigation supplies. DWA recycled water is currently used at four golf courses within Palm Springs (Figure 2). Based on these factors, worker and safety impacts associated with the use of the recycled water are expected to be less than significant.

5.8 SOCIOECONOMICS

5.8.1 Construction

The construction of the recycled water pipeline is a relatively minor project in terms of construction cost and labor requirements. Construction would require approximately five workers with standard pipeline installation experience and is expected to be completed within one month. Based on the urban setting and short-term nature of the project, it is anticipated that local personnel would be used for construction work. The new pipeline would transect a portion of the golf course where specific fairways may need to be temporarily shutdown or re-located. DWA would coordinate the construction schedule with the golf course to minimize disruption to golf course operations. Construction schedule, labor requirements and costs, and requirements for public services and utilities are not expected to change substantially as a result of construction of the recycled water pipeline. Based on these factors, socioeconomic impacts from construction are expected to be less than significant.

5.8.2 Operation

The recycled water pipeline would be buried and would not require additional staffing to operate or maintain. Therefore, socioeconomic impacts from operations are expected to be less than significant.

5.9 SOILS

5.9.1 Construction

The recycled water pipeline would extend approximately 900 feet from an existing pipeline along South Murray Canyon Drive to an existing irrigation water feature on the Palm Springs National Golf Course. Construction activities will be primarily within the Palm Springs National Golf Course property, except for a portion of pipeline that will need to cross under South Murray Canyon Drive. Therefore, the disturbed areas would be limited to less than 0.1 acre of municipal hardscape (paved roads and concrete walkways) and ornamental landscaping. The recycled water pipeline will be installed in a trench using standard pipeline installation techniques. To the extent possible, excavation spoils will be used for backfill. Where trenching spoils are not suitable, imported backfill will be used. Best management practices would be implemented during construction to minimize impacts to soil resources, such as erosion control. Once backfilled, the surface disturbed during construction will be returned to pre-construction conditions (i.e., re-paved or re-turfed).

All construction activity for the recycled water pipeline will be on soil mapped as Carsitas gravelly sand, 0 to 9 percent slopes (CdC). Carsitas gravelly sand is comprised of very deep, well-drained sandy soils with rapid permeability, and slow runoff. The depth to a root-restrictive layer is greater than 60 inches. The soil is found on alluvial fans with slopes of 0 to 9 percent. The soil does not meet hydric criteria. Other soil mapping units within a 0.25-mile radius of the proposed recycled water pipeline include Carsitas cobbly sand, 2 to 9 percent slopes (CdC); Riverwash (RA); and Carsitas cobbly sand, 2 to 9 percent slopes (ChC) (NRCS, 2008).

Considering that construction activity would result in only minor land disturbance for a short period of time, best management practices such as erosion control would be implemented during construction, and disturbed areas would be repaved or re-turfed following construction, impacts on soil resources during construction are expected to be less than significant.

5.9.2 Operation

The recycled water pipeline would be buried and areas affected during construction will be repaved or re-turfed following construction. Land disturbance during construction activities is not expected to result in any permanent impacts on soil resources. Therefore, impacts on soil resources during operations are expected to be less than significant.

5.10 TRAFFIC AND TRANSPORTATION

5.10.1 Construction

The recycled water pipeline will connect to an existing pipeline on the south side of South Murray Canyon Drive. Although most of the pipeline route is within an existing golf course, a portion of the pipeline will cross underneath South Murray Canyon Drive. Construction of the entire pipeline is expected to be completed within one month; the portion of the pipeline crossing the road is expected to be completed in about one day.

Construction of the recycled water pipeline under the road would require trenching and potentially require alternating partial closure of the traveled way while trenching work is conducted on the other half of the

roadway. However, based on the large width of South Murray Canyon Drive, it is anticipated that one lane can be kept open to traffic in both directions at all times. Depending on roadway median conditions, construction work on the south half of the roadway could potentially shift at least one lane of eastbound traffic to the north and vice versa to avoid total directional roadway closure.

The recycled water pipeline will be installed at the intersection of South Murray Canyon Drive and Kings Road East. This intersection provides access to residences situated along Kings Road East. Access to residences from this intersection may be temporarily disrupted during pipeline installation. However, an alternative access could be provided if needed farther west at the intersection of Kings Road West, which connects to Kings Road East.

Construction activities will comply with City of Palm Springs requirements and institute all necessary traffic signs, equipment and control measures.

Based on the short-term nature of construction within South Murray Canyon Drive, the detour available to potentially affected residences, and compliance with applicable regulations (including signage and traffic control), traffic impacts from construction are expected to be less than significant.

5.10.2 Operation

The recycled water pipeline would be buried and would not result in any changes to traffic volumes or traffic patterns in the area. Therefore, traffic impacts from operations of the pipeline are expected to be less than significant.

5.11 VISUAL RESOURCES

5.11.1 Construction

The recycled water pipeline would extend approximately 900 feet from an existing pipeline along South Murray Canyon Drive to an existing irrigation water feature on the Palm Springs National Golf Course. Over the course of the one-month construction period, installation of the recycled water pipeline will result in temporary soil exposure and vegetation removal along South Murray Canyon Drive and on the golf course. Construction activities would disturb less than 0.1 acre of land. Affected areas will be repaved or re-turfed following construction. Impacts on visual resources are not expected to be significant because construction activities would result in minor land disturbance for a short period of time, and these areas will be repaved or re-turfed following construction. Based on these factors, visual resource impacts during construction are expected to be less than significant.

5.11.2 Operation

The recycled water pipeline will be below ground. As described above, areas affected by construction will be repaved or re-turfed following construction. Based on these factors, visual resource impacts during operations are expected to be less than significant.

5.12 HAZARDOUS MATERIALS

5.12.1 Construction

The recycled water pipeline would extend from an existing pipeline along South Murray Canyon Drive to the irrigation water feature on the Palm Springs National Golf Course. The recycled water pipeline would be approximately 900 feet in length and installed 4 feet below the ground surface. Construction of the recycled water pipeline is expected to be completed within one month. Since construction activity is minimal and will be completed in a short period of time, hazardous materials used during construction are

expected to be negligible and refueling and maintenance of machinery at the site is not expected. Therefore, potential impacts from hazardous materials handling during construction are expected to be less than significant.

5.12.2 Operation

Adding the golf course to DWA's recycled water network may require a minor increase in the use of hazardous materials used or stored at their tertiary treatment facility. However, this increase is expected to be minor and hazardous material impacts during operations are expected to be less than significant.

5.13 WASTE MANAGEMENT

5.13.1 Construction

Construction of the 900-foot long recycled water pipeline would be completed within one month. No significant quantities of non-hazardous or hazardous wastes are expected to be generated during construction. The construction contractor will be the generator of construction wastes such as uncontaminated soils, waste concrete and asphalt, and equipment lubricants. The construction contractor will be responsible for proper handling of construction wastes in accordance with all applicable federal, state, and local laws and regulations including licensing, personnel training, accumulation limits and time, reporting, and record keeping. Based on these factors, waste management impacts during construction are expected to be less than significant.

5.13.2 Operation

Adding the golf course to DWA's recycled water network may result in a minor increase in the volumes of non-hazardous and hazardous waste generated at their tertiary treatment facility. However, this increase is expected to be minor and waste management impacts during operations are expected to be less than significant.

5.14 WATER RESOURCES

5.14.1 Construction

The revised water supply plan described in Section 3.0 is not expected to result in any significant impacts on water quality or flooding during construction. All construction activities will be performed in accordance with the California National Pollutant Discharge Elimination System (NPDES) General Permit for Storm Water Discharge Associated with Construction Activities, requiring the implementation of best management practices to control sediment and other pollutants mobilized from construction activities. The revised water supply plan includes the construction of a 900-foot-long, 12-inch-diameter pipeline. All applicable state and local regulations concerning the connection and routing of recycled water piping will be followed in the design and construction of this system.

The new recycled water supply pipeline to the golf course's water feature will be installed in a trench using standard pipeline installation techniques. To the extent possible, excavation spoils will be used for backfill. Where trenching spoils are not suitable, imported backfill will be used. Once backfilled, the surface disturbed during pipe installation will be returned to pre-construction conditions, either paved or re-turfed. Vegetation and landscaping along the pipeline route would be disturbed, but will be restored following construction.

Considering that construction activity would result in only minor land disturbance for a short period of time, best management practices such as erosion control would be implemented during construction, and

disturbed areas would be repaved or re-turfed following construction, impacts on soil resources during construction are expected to be less than significant.

5.14.2 Operation

The revised water plan includes measures to conserve freshwater resources within the Upper Coachella Valley and to provide additional sources of water for recharge into the Mission Creek Sub-basin. As discussed in the original AFC submitted in June 2007, the project would extract groundwater from onsite water supply wells. The plant will operate as a zero-liquid discharge (ZLD) system as described in the AFC, and there will be no discharge of process water to surface water bodies. The revised water plan no longer includes purchase and percolation of tertiary treated water at the Horton WWTP percolation ponds.

As part of the revised water supply plan's conservation program, the proposed project will retrofit the Palm Springs National Golf Course irrigation system to use recycled water. The golf course currently uses groundwater from onsite wells. The annual demand of the golf course varies year to year depending primarily on the weather. Historically, the golf course water demands have been 1,039AFY (2004); 952 AFY (2005); and 1,035 AFY (2006). Table 1, above, summarizes the amount of water pumped in 2007. As shown, the total estimated demand in 2007 was approximately 1,034 AF. Based on the 2007 volumes, the project would initially conserve approximately 680 AFY of fresh water used by the golf course.

Implementation of the proposed conservation measures would offset the amount of groundwater extracted by the proposed project, as well as conserving freshwater resources. Therefore, the proposed project's revised water plan would comply with the CEC's policy to conserve fresh water.

Currently, DWA's Water Recycling Plant has the ability to process all secondary treated wastewater generated by the City of Palm Springs WWTP; however, DWA's current recycled water customer base does not require the full capacity of the treatment plant to meet their needs (K&S, 2005). DWA's Water Recycling Plant has a treatment capacity of 10.0 million gallons per day (gpd) (K&S, 2005). In 2007, the City of Palm Springs WWTP treated approximately 7,000 AF of sanitary wastewater (see Table 1 above). Of this amount, DWA treated approximately 5,000 AF to tertiary levels for use as recycled water. Secondary treated wastewater that was not treated at DWA's plant, approximately 2,000 AF, was discharged to the WWTP's percolation ponds due to a lack of recycled water users. Approximately 29 percent of the water currently handled by the City of Palm Springs WWTP would be available to new recycled water customers, such as the golf course.

Currently, sufficient quantities of recycled water may not be available during the peak irrigation months (e.g., May through October), as shown on Table 1. Until wastewater quantities increase during these months, and depending on the storage available at the golf course, the golf course may need to supplement the recycled water supply with groundwater from its existing wells. Initially, the project would conserve approximately 680 AFY of fresh water from existing sources of recycled water by serving the demands of the golf course, except in the peak demand periods for irrigation. Over time, as the available sewage effluent from the City of Palm Springs increases, DWA would be able to supply all of the annual demand of the golf course and conserve this volume of fresh water.

As presented in DWA's Urban Water Management Plan, future wastewater flows are projected to increase as population increases. The amount of wastewater to be collected and treated at the City of Palm Springs WWTP is anticipated to increase to approximately 8,100 AF by 2010 and to approximately 9,500AF by 2020 (K&S, 2005). Therefore, DWA would have sufficient quantities of recycled water to meet current users, as well as the Palm Springs National Golf Course.

The application and use of recycled water at the golf course will be performed in accordance with Department of Health Services requirements for use of recycled water at golf courses. Recycled water is municipal wastewater that has been treated to tertiary levels to meet California Department of Public

Health standards under California Code of Regulations Title 22. The recycled water produced by DWA's Water Recycling Plant is approved by the California Department of Health Services for all uses, except drinking (K&S, 2005). Many golf courses within the City of Palm Springs are already using recycled water. Appropriate signage would be placed at the golf course including standard warnings regarding the non-potable nature of the irrigation supplies. In addition, the Regional Water Quality Control Board, Colorado River Basin Region's Order Number 97-700 provides general waste discharge requirements for use of recycled water for golf course and landscape irrigation (RWQCB, 1997). Therefore, impacts on water quality due to use of recycled water for golf course irrigation are considered less than significant.

Purchase of additional sources of water for recharge at the DWA's Mission Creek recharge basin would provide assurances and improve reliability that the project's water usage would be offset by recharge. As discussed in the responses to Data Requests 62 through 64 submitted in January 2008, pumping as much as 1,100 AFY from the Mission Creek Sub-basin would not result in significant impacts to groundwater resources, even with very conservative assumptions regarding aquifer properties and the amount of water recharged at DWA's recharge basin. While the maximum annual water usage would be approximately 1,100 AFY, the proposed project is expected to be dispatched, on a lifetime average basis, approximately half of the maximum annual permitted capacity, resulting in an expected lifetime average extraction of 550 AFY. Under the terms of the well metering agreement, the Applicant will pay the replenishment assessment based on the amount of water pumped by the project. In addition, under the terms of the Implementation Agreement, the Applicant will recharge at DWA's recharge basin to offset the amount of water pumped by the project.

The recycled water supply pipeline will be buried and will not cross any stream channels, creeks or washes; therefore there would be no impedance to flood flows. The pipeline route is not in a 100-year flood hazard zone (i.e., Zone A). According to the Federal Emergency Management Agency's Flood Insurance Rate Map Number 060257-0008C (FEMA, 1996), the pipeline would traverse a designated flood Zone B, which is a designated 500-year flood hazard zone. There will be no change in surface conditions and no increase in impervious surface area, since the pipeline will be buried and the surface will be restored to pre-construction conditions. Therefore, the impact to flooding is considered less than significant.

5.15 GEOLOGIC HAZARDS AND RESOURCES

5.15.1 Construction

As described in Section 5.9, the recycled water pipeline will be installed in a 4-foot-deep trench using standard pipeline installation techniques, including appropriate compaction of backfill. To the extent possible, excavation spoils will be used for backfill. Where trenching spoils are not suitable, imported backfill will be used. Best management practices will be implemented during construction to minimize impacts to soil resources, such as erosion control. Once backfilled, the surface disturbed during construction will be returned to pre-construction conditions (i.e., re-paved or re-turfed). Therefore, impacts on geologic resources during construction are expected to be less than significant.

5.15.2 Operation

The recycled water pipeline will not be located in an area subjected to future surface displacements due to faulting, to liquefaction susceptibility, or to landslides or rockfall (City of Palm Springs, 2007). Therefore, impacts on geologic resources during operation are expected to be less than significant.

5.16 PALEONTOLOGICAL RESOURCES

5.16.1 Construction

The most recent and most detailed geologic map of the proposed project site and vicinity has been provided by Dibblee and Minch (2004, 1:24,000 scale). Dibblee and Minch mapped the project site and vicinity as Holocene alluvium (Qa). Rogers (1965) and Dibblee (1982) also mapped Holocene alluvial fan deposits covering most of the Palm Springs area. Dibblee and Minch (2004) mapped nearby outcrops of sedimentary rocks as Pleistocene alluvial fan deposits (Qoa). Dibblee and Minch mapped this older stratigraphic unit as present at the surface approximately 1.5 miles south-southwest and approximately 3.0 miles north-northeast of the proposed recycled water pipeline. It is likely that the Holocene alluvium in the vicinity is relatively thin and that Pleistocene alluvial fan deposits underlie the area.

The age of Quaternary older alluvial fan deposits in the Saltan Trough/Imperial Valley area has typically been given as ranging from Middle to Late Pleistocene (1.25 to 0.37 million years ago) based on mammalian fossils and magnetostratigraphy (Remeika and Jefferson, 1993). This time period is correlative with Irvingtonian and earliest Rancholabrean North American Land Mammal Ages (Savage, 1951; Woodburne, 1987). Remeika and Jefferson (1993, 1995) and Jefferson (2005) reviewed the abundant vertebrate fossils from Pleistocene alluvial fan deposits in the Salton Trough/Imperial Valley. These fossil remains are scientifically significant because they have been helpful in reconstructing the Pleistocene geologic and paleobiologic history of the Salton Sea area. Since fossil vertebrates have been previously reported from these Pleistocene alluvial fan deposits in the area using Society of Vertebrate Paleontology (SVP, 1995) criteria, this stratigraphic unit is judged to have high sensitivity. During the geological and paleontological literature review and museum archival records searches for the paleontological resource impact assessment for the CPV Sentinel Energy Project, no previously recorded fossil sites were found in Holocene alluvium in the project area (Section 7.16). In addition, during the field survey of prospective fossiliferous sediments, no indications were found that the Holocene alluvium might be fossiliferous. Therefore, because the Holocene alluvium has not been known to produce fossils in the past, this stratigraphic unit is considered to have low sensitivity. Also, the young age of these sediments suggests that they would not have significant paleontologic remains. The SVP (1995) defines fossils as older than about 5,000 years.

The proposed recycled water pipeline will be constructed within the South Murray Canyon Road public right-of-way and the Palm Springs National Golf Course. An examination of aerial photography for the construction area did not identify exposed ground because this land is covered by pavement, landscaping, or turf for the golf course. For this reason, a field survey of the proposed recycled water pipeline route was not conducted.

Construction of the recycled water pipeline involves excavating a 4-foot-deep trench. Excavation may disturb Pleistocene alluvial fan deposits and result in adverse impacts to paleontological resources. Mitigation measures PALEO-1 to PALEO-3 identified in AFC Section 7.16.4 would be implemented to avoid impacts to paleontological resources. With the implementation of these measures, no significant unavoidable impacts to known paleontological resources are expected to occur.

5.16.2 Operation

The recycled water pipeline will be buried below ground and would not result in impacts to paleontological resources during operations. Therefore, paleontological resource impacts during operations are expected to be less than significant.

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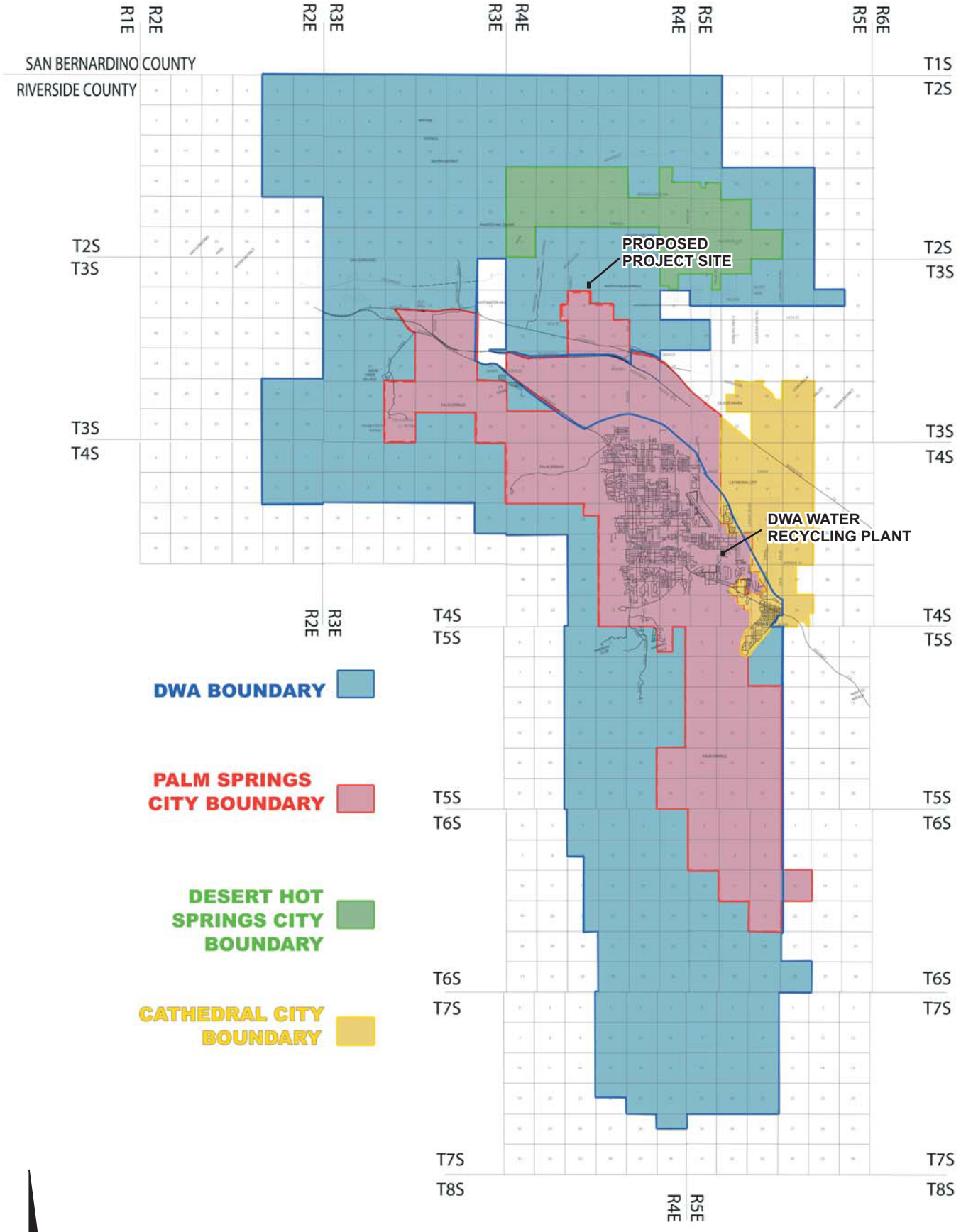

DWA BOUNDARY MAP

CPV Sentinel Energy Project
CPV Sentinel, LLC
Riverside County, California

February 2008
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FIGURE 1

Source:
Desert Water Agency, Palms Springs, CA, 1999

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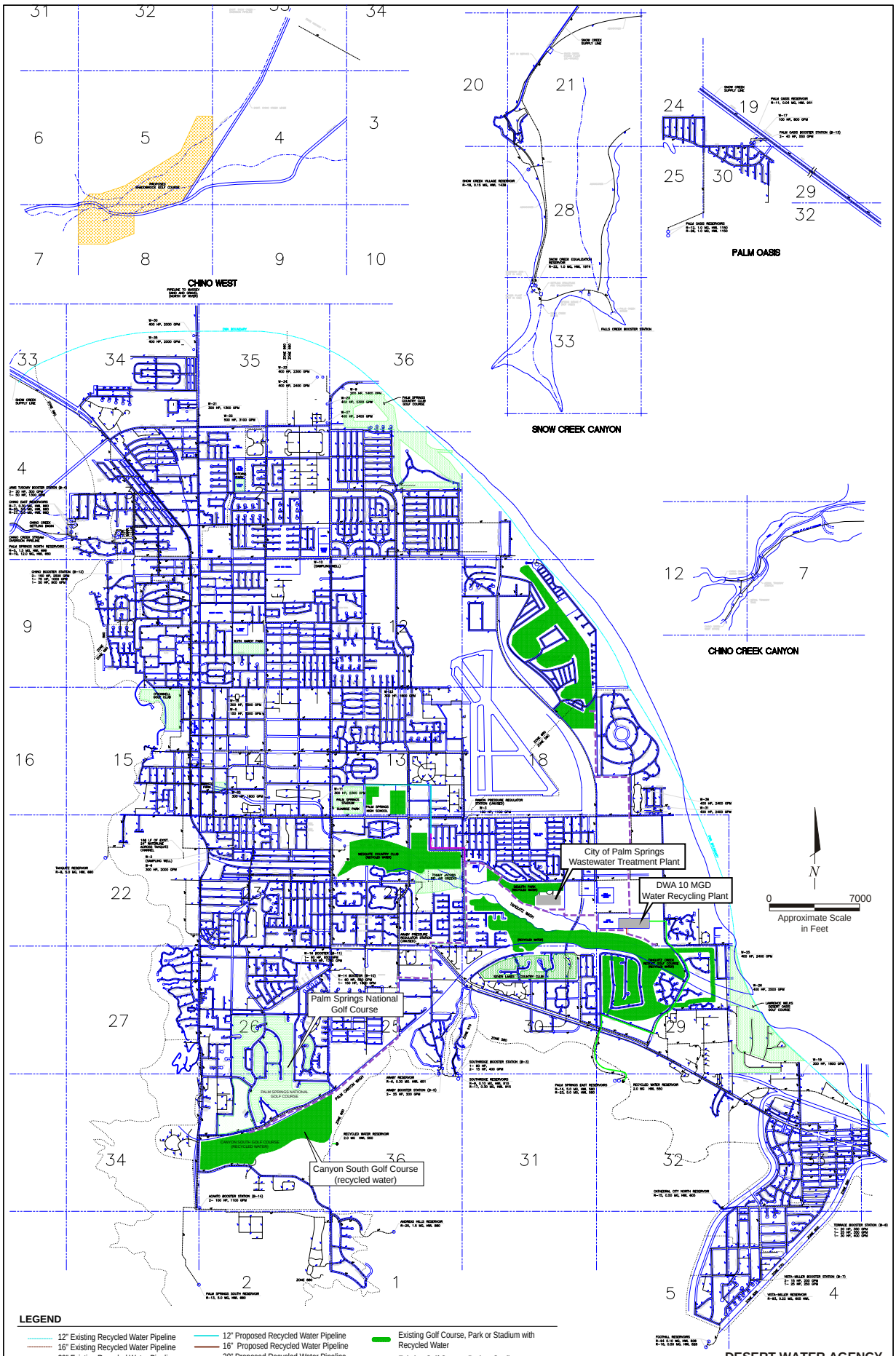

DESERT WATER AGENCY
RECYCLED WATER SYSTEM

CPV Sentinel Energy Project
CPV Sentinel, LLC
Riverside County, California

February 2008
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FIGURE 2

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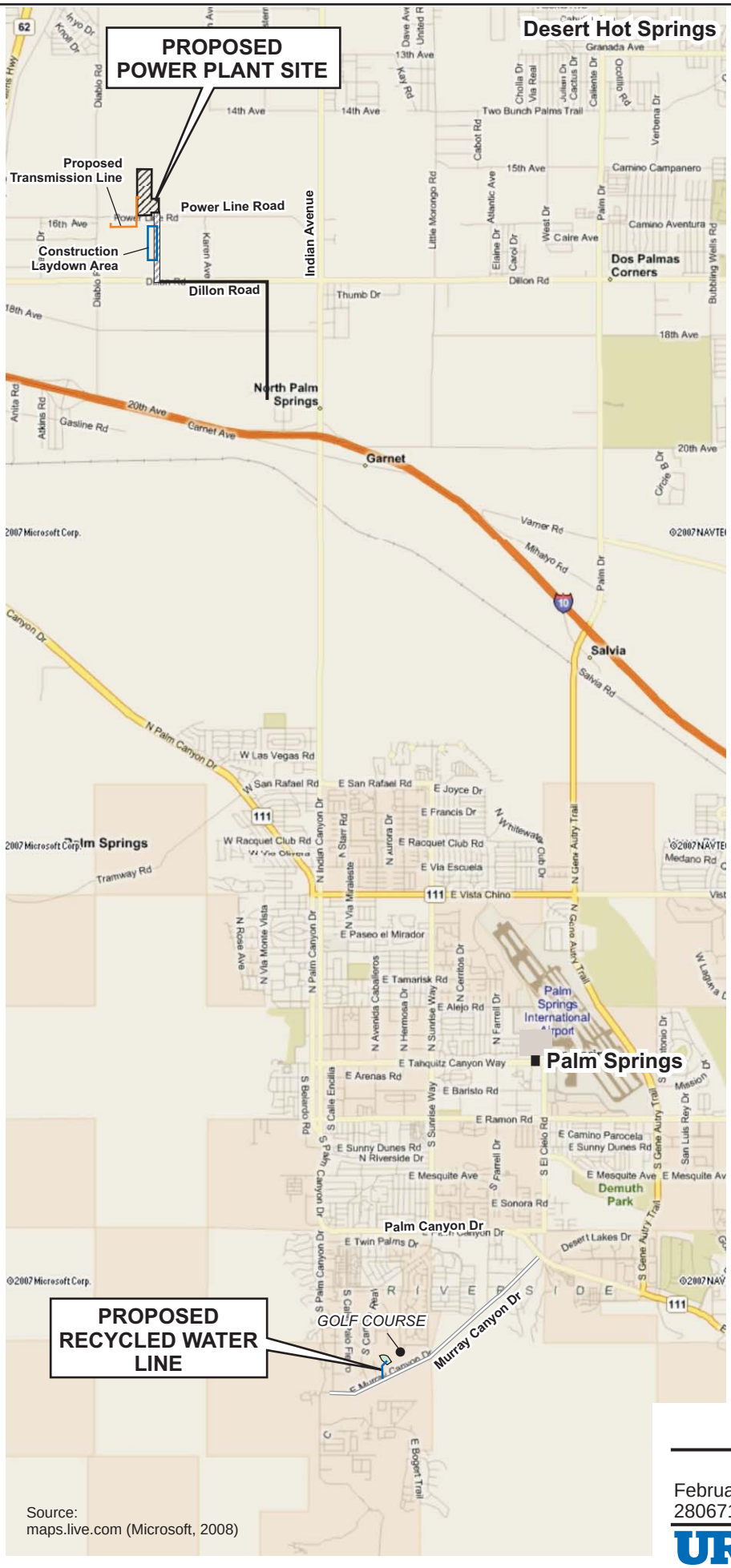

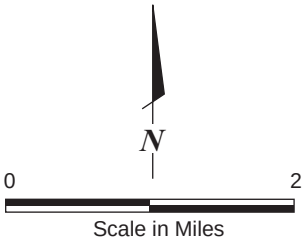

Source:
maps.live.com (Microsoft, 2008)

REGIONAL VICINITY

February 2008
28067168

CPV Sentinel Energy Project
CPV Sentinel, LLC
Riverside County, California

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FIGURE 3

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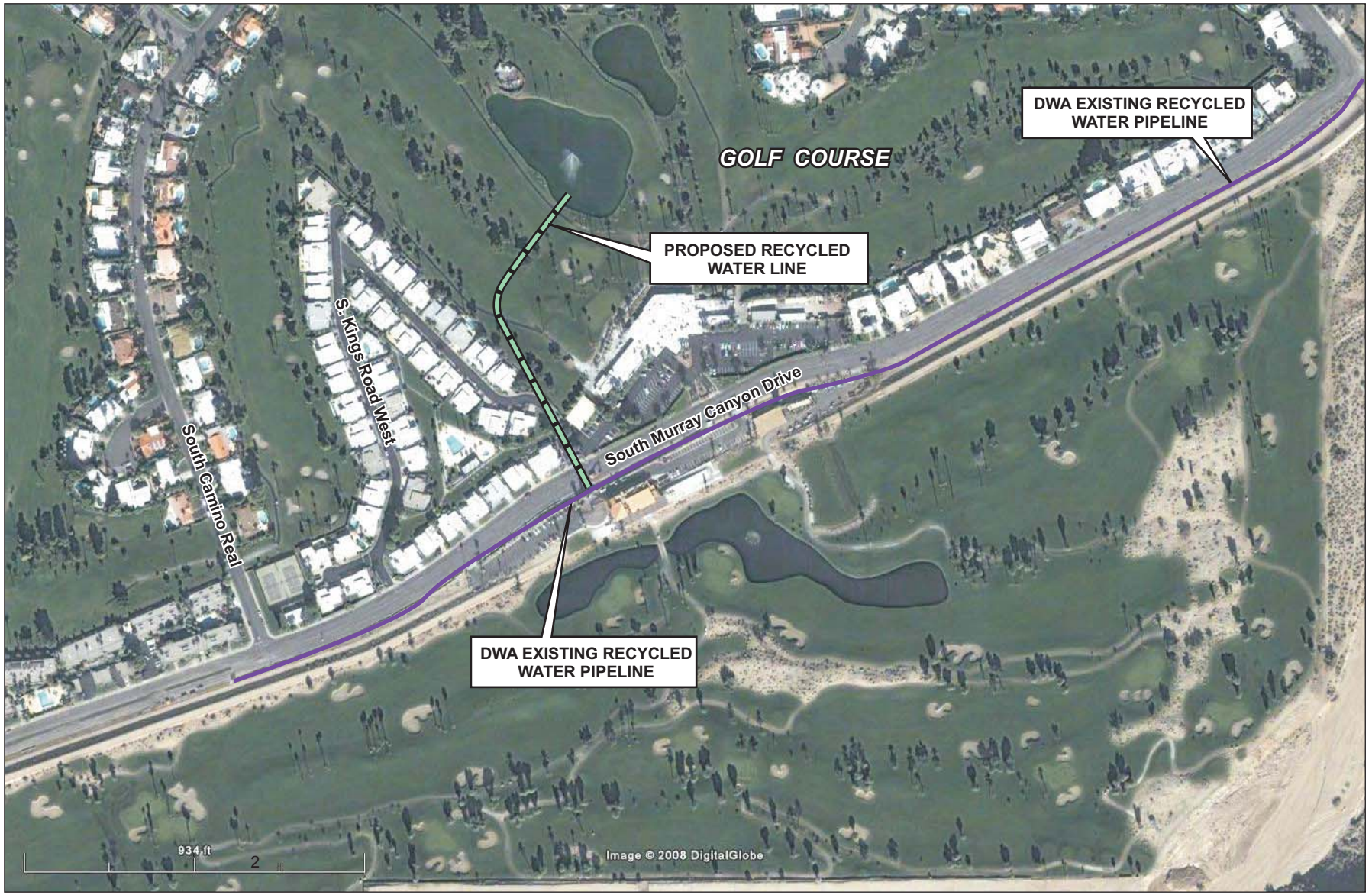

Source:
Google Earth 2008

0 850
Approximate Scale in Feet

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PROPOSED RECYCLED WATER LINE

February 2008
28067168

CPV Sentinel Energy Project
CPV Sentinel, LLC
Riverside County, California

URS

FIGURE 4

2/18/08 vsa ..\CPV Sentinel2008\Amendment_Revised Water\Fig4_proposed water line.cdr

APPENDIX A

MEMORANDUM OF UNDERSTANDING CONCERNING CONSERVATION OF FRESH WATER WITHIN DWA

MEMORANDUM OF UNDERSTANDING CONCERNING ADDITIONAL CONSERVATION OF FRESH WATER WITHIN DWA

This Memorandum of Understanding Concerning Additional Conservation of Fresh Water Within DWA ("MOU") is made by and between Desert Water Agency ("DWA") and CPV Sentinel, LLC ("Sentinel") as of the Effective Date provided below.

I. Objective Of The MOU

To provide for further water management activities by DWA to conserve fresh water supplies within DWA's boundaries either through the development of recycled water supplies originating from wastewater sources, or from conservation activities which will reduce existing consumptive demands. Sentinel seeks to participate in the cost of such freshwater conservation activities as a means of implementing projects which would be uneconomical for DWA to pursue without the participation by Sentinel.

II. Recitals

A. DWA has a contract with the Department of Water Resources of the State of California ("DWR") to receive water ("State Project Water") from the State Water Project. DWA exchanges its State Project Water with the Metropolitan Water District of Southern California ("MWD") for Colorado River Water pursuant to an Exchange Agreement. DWA uses that exchange water to, among other things, recharge the Mission Creek Subbasin ("Basin") through its groundwater recharge facilities.

B. Sentinel seeks to secure water supplies to meet the replenishment needs of the Sentinel Project. Sentinel is undergoing the licensing and approval process of that Project by the California Energy Commission ("CEC").

C. DWA and Ocotillo Development LLC ("Ocotillo") previously executed a Well Metering Agreement (including an addendum thereto) which provides that Ocotillo shall pay a groundwater replenishment assessment for all groundwater pumping and that assessment shall be used to pay the cost of replenishment activities in the Basin normally undertaken to sustain all pumping within the Basin. Sentinel has entered into an agreement with Ocotillo that allows Sentinel, at its option, to receive an assignment of all of Ocotillo's rights under the Well Metering Agreement.

D. In addition, the Well Metering Agreement provides that Sentinel (as Ocotillo's assignee) may obtain new water through DWA for replenishment over-

and above the replenishment from existing sources of water. DWA and Sentinel are negotiating an implementation agreement to secure a specific source of such new water that would be delivered to Sentinel over and above the replenishment supplies provided for by the payment of DWA's groundwater replenishment assessment.

E. DWA has historically pursued, and seeks to continue to pursue, water recycling and conservation activities to preserve fresh-water supplies within its boundaries.

F. DWA and Sentinel jointly seek to further conserve fresh-water supplies to offset the fresh-water use by the Sentinel Project through water recycling and conservation activities over and above those which would otherwise be pursued by DWA for maximizing fresh-water supplies ("Fresh-Water Conservation Projects").

III. Terms of the MOU

A. *Identification of Potential Fresh-Water Conservation Projects* – DWA shall expeditiously identify Fresh-Water Conservation Projects whose development and operational costs exceed the level of costs that would otherwise make a conservation project economically feasible for DWA to pursue without the financial participation by a third party. The parties shall work together to identify from that list of projects those projects that (i) are the least uneconomical, (ii) would conserve up to 1,100 acre-feet per year of fresh-water supplies, and (iii) would take place in Palm Springs, Cathedral City, Desert Hot Springs, or the unincorporated County portions of DWA's boundaries.

B. *Cost Sharing* – Subject to further definition and detail in a Definitive Agreement, the parties will share in the costs (e.g., capital costs and other costs that will be identified in the Definitive Agreement) of the Fresh-Water Conservation Projects such that DWA shall pay for those costs that are within the normal level of costs associated with such projects and Sentinel will pay the costs in excess of the costs which would normally be borne by DWA. Sentinel shall be responsible only for its share of the costs of those Fresh-Water Conservation Projects that have been approved by all required agencies, including the CEC.

C. *Environmental Review, Permitting and Approval of Fresh-Water Conservation Projects* – The parties shall work together in securing the necessary environmental review, permits and approvals necessary to construct and operate the proposed Fresh-Water Conservation Projects. The parties recognize that the Fresh-Water Conservation Projects may be subject to environmental review and approval by the CEC in connection with the licensing of the Sentinel Project.

DWA shall cooperate with Sentinel in any request to the CEC for such required review and approval.

D. *Monitoring Success of the Fresh-Water Conservation Projects* – The success of the approved Fresh-Water Conservation Projects shall be monitored over time by DWA. The goal of such monitoring is to ensure that the Fresh-Water Conservation Projects achieve, at a minimum, savings of fresh water equal to or in excess of the actual freshwater use by the Sentinel Project.

E. *Definitive Agreement* – Promptly after full approval of this MOU, the parties shall expeditiously negotiate and prepare a Definitive Agreement necessary to implement the terms of the MOU.

F. *Additional Provisions*

1. The effective date of this MOU shall be the date on which the last party signs the MOU.

2. Promptly after the effective date of the MOU, the parties shall diligently prepare and negotiate the Definitive Agreement.

3. Approval of this MOU shall not constitute final approval of any Fresh-Water Conservation Project.

4. This MOU may be modified only by a writing signed by the parties hereto.

5. All notices provided by this agreement shall be in writing and shall be sent by first-class mail and facsimile transmission as follows:

If to Desert Water Agency:

David K. Luker
General Manager/Chief Engineer
Desert Water Agency
1200 Gene Autry Trail South
Palm Springs, CA 92263-1710

Telephone: (760) 323-4971
Facsimile: (760) 325-6505

With a copy to:

Michael T. Riddell, Esq.
Best, Best & Krieger LLP
3750 University Avenue, Suite 400
Riverside, CA 92501-3369

Telephone: (951) 686-1450
Facsimile: (951) 686-3083

If to Sentinel:

CPV Sentinel, LLC
8403 Colesville Road, Suite 915
Silver Springs, MD 20910
Attn: Mark Turner

Telephone: (916) 835-8119

With a copy to:

Edward J. Casey, Esq.
Weston Benshoof Rochefort Rubalcava MacCuish LLP
333 South Hope Street, 16th Floor
Los Angeles, CA 90071

Telephone: (213) 576-1000
Facsimile: (213) 576-1100

6. No party hereto shall assign any rights or delegate any duties hereunder without the prior written consent of the other party. This MOU shall be binding on and inure to the benefit of the successors and permitted assigns of the parties.

7. This MOU shall be governed by and interpreted in accordance with the laws of the State of California. The parties agree that the exclusive venue for any action or proceeding arising from this MOU shall be in the County of Riverside, State of California.

8. Each person signing this MOU represents that he or she has the authority to do so on behalf of the party for whom he or she is signing.

8. Each person signing this MOU represents that he or she has the authority to do so on behalf of the party for whom he or she is signing.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed the day and year first above written.

DESERT WATER AGENCY

By: _____
David K. Luker Date: 2-6-08
Its: General Manager/Chief Engineer

Attest: _____
[Name] Janis Tefteller
Secretary

CPV SENTINEL, LLC
By: Competitive Power Ventures, Inc.,
in its capacity as agent

By: _____
Peter J. Podurgiel
Its: Senior Vice President
Date: 2-8-08

APPROVED AS TO FORM:
BEST, BEST & KRIEGER LLP

By: _____
Michael T. Riddell
Attorneys for Desert Water Agency

APPROVED AS TO FORM:
WESTON BENSHOOF ROCHEFORT
RUBALCAVA & MacCUISH LLP

By: _____
Edward J. Casey
Attorneys for CPV Sentinel, LLC

APPENDIX B

MEMORANDUM OF UNDERSTANDING FOR IMPLEMENTATION OF WELL METERING AGREEMENT

MEMORANDUM OF UNDERSTANDING FOR IMPLEMENTATION OF WELL METERING AGREEMENT

This Memorandum of Understanding For Implementation Of Well Metering Agreement ("MOU") is made by and between Desert Water Agency ("DWA") and CPV Sentinel, LLC ("Sentinel") as of the Effective Date provided below.

I. Objective Of The Implementation Agreement

To further specify the manner in which the parties shall implement the existing Well Metering Agreement and Addendum ("Well Metering Agreement") in order to meet the water demands of the Sentinel power project ("Sentinel Project"), which is a proposed power generation facility to be sited within DWA's boundaries and within the Mission Creek Subbasin ("Basin").

II. Background Facts

A. DWA has a contract with the Department of Water Resources ("DWR") to receive water from the State Water Project ("State Project"), which includes the California Aqueduct. DWA can exchange water that it receives through the State Project system with the Metropolitan Water District of Southern California ("MWD") for Colorado River Water pursuant to an existing set of exchange agreements (collectively, "Exchange Agreement"). DWA uses that exchange water to, among other things, recharge the Basin through its groundwater recharge facilities ("Recharge Facilities") located within the Basin.

B. Sentinel seeks to secure water supplies to meet the replenishment needs of the Sentinel Project. Sentinel is undergoing the licensing and approval process of that Project by the California Energy Commission ("CEC").

C. DWA and Ocotillo Development LLC ("Ocotillo") previously executed the Well Metering Agreement, which provides that Ocotillo shall pay a groundwater replenishment assessment for all groundwater pumping, and that assessment shall be used to pay the cost of replenishment activities in the Basin normally undertaken to sustain pumping within the Basin. Sentinel has entered into an agreement with Ocotillo that allows Sentinel, at its option, to receive an assignment of all of Ocotillo's rights under the Well Metering Agreement.

D. In addition, the Well Metering Agreement provides that Sentinel (as Ocotillo's assignee) may obtain new water ("New Water Supply") through DWA for replenishment over and above the replenishment supplies provided for by the payment of DWA's groundwater replenishment assessment.

E. The water demands of the Sentinel Project will vary from year to year depending upon the needs of Southern California Edison for electrical supply from the Sentinel Project. Sentinel estimates that in a typical year the water demands of the Sentinel Project would be approximately 550 AFY, and the maximum practicable demand for water in a single year, based on permitted conditions, will be 1,100 AFY.

F. The parties seek to implement the Well Metering Agreement by, among other actions, securing a New Water Supply that (i) can be delivered to DWA through its Exchange Agreement with MWD and (ii) ensure, for the life of the Sentinel Project, that the quantity of water delivered for the Sentinel Project will equal or exceed the water demands of that Project.

III. Terms of the MOU

A. *Necessary Agreements to Secure New Water Supply* – The parties shall cooperate with each other in negotiating and executing all agreements with third parties, including, among others, certain water agencies in Kern County, to secure the rights to a New Water Supply (the "New Water Supply Agreements"). The New Water Supply Agreements shall contain provisions concerning DWA's transfer of title to the New Water Supply to Sentinel once such water is delivered to the Basin in conformance with the provisions of the Well Metering Agreement.

B. *CEQA and Permitting Requirements* – To the extent that the CEC does not conduct environmental review concerning the delivery of the New Water Supply to DWA for the Sentinel Project, DWA shall conduct any review of that activity that may be required under the California Environmental Quality Act ("CEQA"). DWA shall also exercise its best efforts to secure all other necessary government approvals and permits concerning the transfer of the New Water Supply to DWA. Sentinel shall reimburse DWA for all costs incurred in securing such environmental review and government approvals

C. *Delivery of New Water Supply for the Sentinel Project* – The parties shall develop a delivery schedule, which may include pre-delivery of water prior to commencement of operations of the Sentinel Project. Delivery of the water shall be deemed to occur at DWA's Recharge Facilities. Title to the water shall be deemed transferred as soon as the water infiltrates into the Basin.

D. *Management of New Water Supply* – DWA shall to the extent practicable manage the New Water Supply so that an adequate amount of such water shall have been delivered to the Sentinel Project prior to Sentinel's need to produce that water for the Sentinel Project. DWA shall, over the life of the Sentinel Project, spread for percolation into the Basin all water purchased by

Sentinel for the Sentinel Project. These deliveries to the basin shall be in addition to the replenishment water delivered to the Basin under the terms of the existing settlement agreement executed between DWA, Coachella Valley Water District and Mission Springs Water District. If that settlement agreement is superseded by a later agreement or court judgment, then DWA shall deliver to the Basin, for percolation, all water purchased by Sentinel for use on the Sentinel Project over and above the obligations of this later agreement or judgment.

E. *Financial Terms* – The financial terms concerning the acquisition of the New Water Supply and its delivery for the Sentinel Project shall be determined in the New Water Supply Agreements. In addition to the payments for the New Water Supply specified in those agreements, Sentinel shall pay the groundwater replenishment assessment applicable to all production within the Basin as specified in the Well Metering Agreement. As provided for in the Well Metering Agreement, Sentinel shall receive credit for 92% of the New Water Supply delivered to the Basin for percolation.

F. *Additional Provisions*

1. The effective date of this MOU shall be the date on which the last party signs the MOU.

2. Promptly after the effective date of the MOU, the parties shall diligently prepare and negotiate the New Water Supply Agreements.

3. Approval of this MOU shall not constitute final approval of any New Water Supply.

4. This MOU may be modified only by a writing signed by the parties hereto.

5. All notices provided by this agreement shall be in writing and shall be sent by first-class mail and facsimile transmission as follows:

<u>If to Desert Water Agency</u>:

David K. Luker
General Manager/Chief Engineer
Desert Water Agency
1200 Gene Autry Trail South
Palm Springs, CA 92263-1710

Telephone: (760) 323-4971

Facsimile: (760) 325-6505

With a copy to:

Michael T. Riddell, Esq.
Best, Best & Krieger LLP
3750 University Avenue, Suite 400
Riverside, CA 92501-3369

Telephone: (951) 686-1450
Facsimile: (951) 686-3083

If to Sentinel:

CPV Sentinel, LLC
8403 Colesville Road, Suite 915
Silver Springs, MD 20910
Attn: Mark Turner

Telephone: (916) 835-8119

With a copy to:

Edward J. Casey, Esq.
Weston Benshoof Rochefort Rubalcava MacCuish LLP
333 South Hope Street, 16th Floor
Los Angeles, CA 90071

Telephone: (213) 576-1000
Facsimile: (213) 576-1100

6. No party hereto shall assign any rights or delegate any duties hereunder without the prior written consent of the other party. This MOU shall be binding on and inure to the benefit of the successors and permitted assigns of the parties. This MOU shall not modify in any way the terms of the existing Well Metering Agreement.

7. This MOU shall be governed by and interpreted in accordance with the laws of the State of California. The parties agree that the exclusive venue for

any action or proceeding arising from this MOU shall be in the County of Riverside, State of California.

8. Each person signing this MOU represents that he or she has the authority to do so on behalf of the party for whom he or she is signing.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed the day and year first above written.

DESERT WATER AGENCY

By: _____
David K. Luker
Its: General Manager/Chief Engineer
Date: 2-6-08

Attest: _____
[Name] Janis Tefteller
Secretary

CPV SENTINEL, LLC
By: Competitive Power Ventures, Inc.,
in its capacity as agent

By: _____
Peter J. Podurgiel
Its: Senior Vice President
Date: 2-8-08

APPROVED AS TO FORM:
BEST, BEST & KRIEGER LLP

By: _____
Michael T. Riddell
Attorneys for Desert Water Agency

APPROVED AS TO FORM:
WESTON BENSHOOF ROCHEFORT
RUBALCAVA & MacCUISH LLP

By: _____
Edward J. Casey
Attorneys for CPV Sentinel, LLC

APPENDIX C

WEATHER BASED IRRIGATION CONTROLLER (WBIC) PILOT PROGRAM FINAL REPORT

June 21, 2007

Weather Based Irrigation Controller
(WBIC) Pilot Program Final Report
June 21, 2007

Introduction

The WBIC pilot program is being conducted in Palm Desert, Indian Wells, LaQuinta, Riverside County, Cathedral City and Rancho Mirage. The test controllers are the Aqua Conserve ET-6 for indoor applications and the ET-8 for the outdoor applications. Installations began November 1, 2005. As of April 25, 2007 406 controllers have been installed. This final report will look at the one year history for the first 87 controllers installed.

Testing the technology

The key objectives were to estimate and assess the following:

- Water savings
- Cost/benefits of the technology related to water savings
- Landscape appearance
- Participant satisfaction levels with the technology
- The effect of changing the controller only and not altering the irrigation system

Selection of Pilot Program Participants

- All participants must be Coachella Valley Water District customers and property owner of the installation site. The installation site must be located within one of the participating cities or the County of Riverside.
- The applicant must have an account in good standing with the District and the site must have a minimum of one year of water consumption history so that a pre-and post-water comparisons can be conducted at the conclusion of the pilot study.
- The participant must have a fully functioning irrigation controller with a maximum of six stations for the indoor clock and nine stations for the outdoor clock.
- Pre-inspection must be conducted to verify the existing controller and irrigation system was operational and working properly.

Installation

Participants were contacted by phone to schedule an appointment. During a site survey the existing irrigation controller and irrigation system were tested to ensure the presence of a functioning irrigation system. If the site was deemed appropriate, installation procedures were as follows:

- Copy existing schedule from controller or ask customer their summer watering schedule.
- Remove the existing irrigation controller (disconnect valve wires, unscrew from the wall and save old controller).
- Install the ET-6 or ET-8 controller (mount, re-attach valve wires).
- Program the controller.
- Activate each irrigation valve and observe the plants being irrigated. Point out to the customer any irrigation system deficiencies.
- Instruct customer on the operation of the ET controller.
- Fill out customer information sheet with the start times and run times, take pictures.

Site Survey findings

The initial site survey inspections revealed that a variety of problems existed in many of the homes. In other words very few of the sites had a perfect irrigation system. Typical problems were leaks, poor sprinkler coverage, and too many heads per valve. Most sites had some irrigation system problems that would likely increase total water use.

Post Installation

Customer call backs turned out to be irrigation system failures, only a few incidents were linked to a malfunctioning controller. Typical service calls are listed below.

- Irrigation run times were adjusted by gardeners or customers not understanding how the controller operated.
- Often general irrigation problems were mistakenly attributed to the WBIC controller.
- Irrigation systems displayed a variety of malfunctions such as defective solenoids, broken irrigation wires, power faults, or clogged bubblers or emitters.
- Temperature probes were reading incorrect temperatures (high) increasing the programmed run times.

Results

A control group was created to compare water use of the weather based controllers regardless of year. The control group accounts for the differences between years where the plant water use can vary radically. The selections for the control group were random; they were located on the same street close to the treatment homes. Selecting the homes ensured the treated and control groups shared the following characteristics.

- Homes were located in the same ETO climate zone.
- Landscape area was relatively consistent.
- Plant material type was consistent.
- Irrigation systems were similar in age and type.
- Historical water use information was available for at least one year.

Figure 1 shows that the control group water consumption rose 7 percent for the one year period while the treatment group declined 19 percent during that same time period for an overall savings of 26 percent.

Weather Based Irrigation Clock One Year History				
Jurisdictions* PD RC IW LQ	PRE WBIC one year consumption CCF	Post WBIC one year consumption CCF	CCF Savings	Percent Savings
87 WBIC Controllers	28,793 CCF	23,223 CCF	-5,570 CCF	-19%
Control Groups for all Cities	34,913CCF	37,470 CCF	+2557 CCF	+7%
				26% Overall savings

* Cathedral City and Rancho Mirage joined the Pilot Program later.

Figure 2 shows a cost analysis for the WBIC program.

CVWD WBIC cost analysis				
# WBIC	CVWD cost (includes material labor + follow up)	Acre feet saved	10 years Cost/Acre-Foot	15 years Cost/Acre-Foot
87	$ 11,655	12.79	$91.26	$60.75

Figure 3 shows the water saved for the one year period.

WBIC water saved					
# WBIC	Acre feet saved per year	Gallons per year saved	Gallons per month saved	Gallons per day saved	Gallons per WBIC per day
87	12.79	4,167,634	347,303	11,418.175	131.24

Time of pay back for homeowners

The average payback period for the indoor ET-6 is 13 months and for the outdoor ET-8 is 26 months. For some homeowners the payback period has been as short as 6 months.

Summary of Follow-up Survey

To date we have received 72 questionnaire surveys. The responses were very favorable for promptness of service, courtesy of staff and knowledge of staff. Ease of adjusting the clocks received the lowest satisfaction feedback in the survey.

Pilot Program Summary

Tracking the water use records monthly and reprogramming is needed to achieve the highest efficiency possible. Customer service during the pilot program is crucial to the overall success of the program. Service calls allow the District employee to assist customers with their concerns and often reduce program run times.

Due to the strong customer interest and large number of applicants that have been put on a waiting list, it is our recommendation we consider converting the pilot program into a long term program. A long term WBIC program will allow more customers to participate and conserve water.

Recommendations for Full Time WBIC program Summary

- Customers will continue to pay $50.00 for a six station indoor controller and $100.00 for an eight station outdoor controller.
- Customers will pay the cost difference if the property requires a controller with more stations.
- Continue a 50/50 cost-share funding contribution to a joint District/City/County long term WBIC program.
- The City/County agrees to provide cost-share funding in the amount of $5000.00 in advance. As controllers are installed their contributions will be applied toward the cost of the program. As the contributions are depleted the District will invoice the City/County for additional funds as needed.
- Consider using different types of smart controllers based on type of landscape and landscape square footage.

APPENDIX D

WELL METERING AGREEMENT

WELL METERING AGREEMENT

THIS WELL METERING AGREEMENT (together with the Addendum attached hereto and incorporated by this reference, this "Agreement") is made this 1ST day of MARCH, 2001, by the DESERT WATER AGENCY, a public agency of the State of California ("Agency"), OCOTILLO DEVELOPMENT LLC, a Delaware limited liability company ("Ocotillo") and D&D LAND CO., LLC, a Delaware limited liability company ("D&D"), the owner of the real property more particularly described in Exhibit "A" attached hereto (the "Land"). Ocotillo and D&D are sometimes collectively referred to herein as "Pumper."

A. Ocotillo proposes to develop certain wells (the "Wells") to support the operation of the "Project" more particularly described in the Addendum attached to this Agreement. The Wells, if developed, will be located within Agency's jurisdictional boundaries and used to extract groundwater.

B. Pursuant to Section 15.4 of Chapter 100 of the California Water Code Appendix, Agency levies and collects water-replenishment assessments from private pumpers for the purpose of replenishing groundwater supplies within Agency. These assessments are based upon the quantity of groundwater pumped.

C. In order to measure and record the quantity of groundwater extracted by private pumpers within Agency's jurisdiction, it is necessary to install and maintain metering facilities. Agency has agreed to operate, maintain and replace meters at its own expense, provided that Pumper bears the initial cost of installing the metering facilities.

NOW, THEREFORE, the parties agree as follows:

1. Pumper hereby authorizes Agency to install metering facilities and necessary appurtenances, at Pumper's expense, at each of the Wells. Agency will operate, maintain and replace such meters and appurtenances at its own expense. Pumper also agrees that the title to said meters and appurtenances will remain in Agency.

2. It is the desire of the parties that each such Well be equipped with a meter for each discharge outlet; that each such meter be checked for accuracy periodically; and that mechanical and/or mathematical adjustments be made for any such inaccuracy, all for the purpose of determining well production.

3. Pumper authorizes Agency and its employees, agents and representatives to enter the Land at reasonable times to install, operate, maintain and replace meters and appurtenances on said Wells as Agency, in its discretion, deems prudent and necessary and to enter the Land at reasonable times to perform any pertinent work in accordance with the provisions of this Agreement.

4. Agency, through its employees, agents and representatives, shall have the right to read said water meters at periodic intervals as deemed necessary by Agency. Such meter readings shall be the property of Agency, but copies will be made available to Pumper.

5. Pumper shall notify Agency before making any material changes or modifications to the pump and/or piping between a Well and the meter and before adding any discharge outlet to a well.

6. Pumper hereby authorizes Agency to install, operate, maintain and replace such meters and appurtenances on the Wells should Pumper make any change to an existing Well which would require any additional metering devices to render the Well fully metered. The cost of installation of such metering devices shall be borne by Pumper. Pumper agrees that the title to said meters and appurtenances shall remain in Agency.

7. Pumper hereby authorizes Agency to obtain pump test data and electrical consumption records pertaining to any Well described herein directly from the electrical utility, if any, serving power to such Well.

8. Pumper hereby authorizes Agency to collect water samples for groundwater quality analysis pertaining to any Well described herein.

9. Pumper hereby authorizes Agency to take water level measurements pertaining to any Well described herein.

10. Pumper hereby requests and authorizes said electrical utility, if any, and/or Agency to perform hydraulic pump tests on each Well on a periodic basis as determined to be necessary by Agency. Pumper hereby grants the right of ingress and egress over the Land by the employees and agents of the electrical utility, if any, and Agency for the purpose of performing said tests and releases Agency from claims for damages to Pumper's equipment or other property resulting from said tests unless caused intentionally or by the negligence of the employees or agents of Agency. Pumper shall provide any personnel necessary to ensure the safe and correct operation of its pumping equipment during any such test.

11. Agency shall make arrangements for such hydraulic pump testing as it determines to be necessary.

12. Notwithstanding the provisions of Sections 1 through 11, above, Agency agrees that its activities on the Land with respect to the Wells and meters (and the activities of any utility) will be conducted, to the maximum extent feasible, in such a way as not to interfere with or impair the operation of the Wells or of the Project described in the Addendum attached hereto. Pumper and Agency will cooperate to schedule the activities of Agency or any utility on the Land with respect to the Wells and meters in such a manner as to minimize disruption, e.g. by scheduling such activities to occur when the Project is off-line for maintenance or during off-peak hours as designated by Pumper.

13. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

14. In the event of any legal action to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reimbursement of costs and reasonable attorneys' fees expended in such proceedings.

DESERT WATER AGENCY

By: _____
Title: General Manager

Attest: _____
Title: Secretary

By: OCOTILLO DEVELOPMENT LLC, a Delaware limited liability company

DRP
By: _____

Title: VICE PRESIDENT

D&D LAND CO., LLC, a Delaware limited liability company

By: _____

Title: MANAGER

APPROVED AS TO FORM AND LEGALITY:

_____
Agency Counsel

ADDENDUM TO WELL METERING AGREEMENT REGARDING IMPORTED WATER

This Addendum to Well Metering Agreement (this "Addendum"), dated as of _____, 2001, is attached to and incorporated by reference into that certain Well Metering Agreement of even date herewith (the "Agreement") executed by and between Desert Water Agency, a public agency of the State of California ("Agency"), Ocotillo Development LLC, a Delaware limited liability company ("Ocotillo") and D&D Land Co., LLC, a Delaware limited liability company ("D&D"). Ocotillo and D&D are sometimes collectively referred to herein as "Pumper." In the case of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control.

15. PROJECT DESCRIPTION

15.1 Ocotillo desires to develop a power generation plant (the "Project") on the Land.

15.2 The Project requires water to support Project operations. The primary source of water for Project operations is expected to be groundwater extractions by Pumper.

15.3 No reclaimed water supply is available to or feasible for the Project at this time. To the extent a reclaimed water supply becomes available to or feasible for the Project at a future date, Pumper will utilize commercially reasonable and good faith efforts to utilize reclaimed water to support some or all of the Project's operations.

16. RESOURCE ASSESSMENT ACTIVITIES

16.1 In cooperation with Agency, Pumper will design and install one or more test wells to assess the quantity and quality of the groundwater in the subbasin(s) underlying the Land and/or adjacent subbasin(s). Test activities may encompass potential Well sites outside the boundaries of the Land, and perhaps at locations in other subbasins, due to the proximity of the Project site to the presumed boundary between the Garnet Hill and Mission Creek subbasins.

16.2 In cooperation with Agency, Pumper will conduct tests to determine feasible methods for recharging the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted). The recharging methods studied will encompass Agency's existing or planned recharging facilities, as well as recharging facilities that may be developed by Pumper. Candidate recharge methods to be studied may include construction of spreading basins on the Land, construction of spreading basins outside the boundaries of the Land, transport to Agency's existing spreading basins in the Whitewater River subbasin, and transport to new Agency recharge facilities. The sources of recharged water studied will encompass residual water not consumed by Project operations (estimated at between 10% and 30% of the volume of the water extracted by Pumper) as well as imported water acquired by or for the benefit of Pumper, as described in Section 17.

16.3 To the extent permitted by any applicable confidentiality or non-disclosure agreement, Agency will be provided with copies of any technical reports or data Pumper compiles pursuant to this Section 16.

16.4 Agency will be given the opportunity to review and comment upon Pumper's proposals for designing and implementing the tests described in Sections 16.1 and 16.2. Agency will use reasonable efforts to facilitate access to test locations outside the boundaries of the Land, but in no event will Agency be obligated to obtain such access on Pumper's behalf.

16.5 Agency will be given the opportunity to review and comment upon Pumper's proposals for the siting and construction of groundwater Wells for the Project, for recharging the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted), when and if recharging becomes necessary, for recharging residual water not consumed by Project operations, and for recharging imported water acquired by or for the benefit of Pumper.

16.6 To the extent recharge facilities constructed by Pumper include transporting residual Project water to Agency's spreading basins, Agency will assist with the acquisition of required right-of-way. Agency may, but shall in no event be required to, exercise its power of eminent domain to acquire such right-of-way.

16.7 All residual Project water and imported water that will be recharged by or for the benefit of Pumper into the subbasin(s) from which Pumper may extract water (or into other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted) will comply with applicable water quality laws and regulations. In addition, any residual Project water and imported water that is recharged by or for the benefit of Pumper into the subbasin(s) from which Pumper may extract water (or into other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted) via Agency's spreading basins will comply with applicable Agency water quality regulations and standards.

16.8 Pumper will pay all costs relating to (i) its own testing and resource assessment activities as described in this Section 16, (ii) the construction and operation of its own extraction wells, recharge and water transport facilities and right-of-way, and (iii) the installation of meters as provided in Section 1.

16.9 Agency will pay all costs relating to (i) its own testing and resource assessment activities as described in this Section 16, (ii) the construction and operation of its own recharge facilities (including the cost of new recharge facilities and water transport facilities and right-of-way), and (iii) the operation, maintenance and replacement of meters as provided in Section 1.

17. ACQUISITION AND STORAGE OF IMPORTED OR EXCESS WATER

17.1 The parties acknowledge that Pumper intends to acquire title to and import water, and to store the imported water in the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted). The parties anticipate that Pumper may have an interest in acquiring imported or excess water from at least three sources: (i) the State Water Project, including via Agency's participation in the turnback pool and Agency's acquisition of interruptible water supplies

delivered via the California Aqueduct, (ii) acquisition of State Water Project water entitlements from other public agencies, and (iii) acquisition of water or water rights from other parties.

17.1.1 Water or water entitlements acquired by or for the benefit of Pumper from the source described in Section 17.1(iii) and stored in the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted) would be owned by Pumper.

17.1.2 Water acquired by or for the benefit of Pumper from the sources described in Sections 17.1(i) or (ii) and stored in the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted) would be owned by Pumper.

17.2 Agency will not contest Pumper's legal title and rights to water imported and stored by or for the benefit of Pumper or Pumper's beneficial interest in water rights acquired for the benefit of Pumper as described in Section 17.1, and if requested to do so will lend reasonable support to Pumper's assertion or defense of said legal title and rights and beneficial interest. Pumper will reimburse Agency for reasonable costs incurred by Agency for providing such support.

17.3 To facilitate the acquisition and storage of water by Pumper as provided in Section 17.1, subject to the provisions of this Agreement, Agency will cooperate with Pumper and will make available Agency's capabilities and facilities (i) to exchange water with the Metropolitan Water District, (ii) to acquire, for the benefit of Pumper, water from other sources, including the State Water Project, (iii) to acquire, for the benefit of Pumper, additional State Water Project entitlements from other public agencies participating in the State Water Project, (iv) to transport water via Agency transport facilities, and (v) to recharge the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted) with residual water not consumed in Project operations and with water imported by or for the account of Pumper.

17.3.1 Pumper's use of the Agency's capabilities and facilities, including its use of water acquired via the State Water Project, shall be subordinate to Agency's use of such capabilities and facilities for its own account, and except as is expressly provided in Section 17.3.2, in no event shall Agency be required to make its capabilities and facilities for purchase of water rights, transportation, or recharge available to Pumper if in so doing it adversely impacts Agency's ability to conduct its normal operations in any material way.

17.3.2 To the extent (i) Agency, using funds supplied or committed by Pumper, acquires for the benefit of Pumper additional State Water Project water entitlements from other public agencies participating in the State Water Project, and (ii) Pumper pays or commits to pay the actual cost of any water acquired from the State Water Project pursuant to said entitlements, Agency shall be required to make its capabilities and facilities for purchase, transport and recharge of said water available for the benefit of Pumper.

17.4 If Pumper utilizes Agency's capabilities and/or facilities to acquire, exchange, transport and/or recharge imported water, then Pumper shall:

17.4.1 Pay Agency's actual cost of any water acquired from the State Water Project (i.e., from the turnback pool or from interruptible supplies) by Agency on behalf of Pumper (at Agency's cost, without mark-up);

17.4.2 Pay Agency's actual cost of acquiring additional State Water Project water entitlements from another public agency participating in the State Water Project, plus Agency's actual cost of any water acquired from the State Water Project pursuant to said water entitlement by Agency on behalf of Pumper (at Agency's cost, without mark-up);

17.4.3 Grant to Agency title to three percent (3%) of any water acquired from the State Water Project (i.e., as a result of a State Water Project water entitlement acquired from another public agency as provided in Section 17.4.2 or as a result of Agency's right to purchase water from the turnback pool or from interruptible supplies) by Agency on behalf of Pumper.

17.4.4 Grant to Agency title to an additional (i) five percent (5%) of any imported water (regardless of whether the imported water was acquired from the State Water Project by Agency on behalf of Pumper, or was acquired by Pumper directly) and Project residual water recharged into the subbasin(s) for the benefit of Pumper, if Agency's spreading basins are utilized, or (ii) three percent (3%) of any imported water and Project residual water recharged into the subbasin(s) for the benefit of Pumper if Pumper's spreading basins, rather than Agency's spreading basins, are utilized.

17.5 To the extent Pumper has title to water that has been recharged into the subbasin(s) at the time the Project is decommissioned, title to that water will escheat to Agency. To the extent Pumper has paid the cost of acquiring an additional State Water Project water entitlement from another public agency participating in the State Water Project (or another party) for the benefit of Pumper, at the time the Project is decommissioned Agency will have the first right to negotiate with Pumper concerning the purchase of Pumper's beneficial interest in such additional State Water Project water entitlement for the then-current fair market value of such State Water Project water entitlement.

17.5.1 Agency may exercise its first right to negotiate by delivering written notice of its election to do so to Pumper within sixty (60) days following Agency's receipt of written notice from Pumper advising Agency that the Project will be decommissioned. If Agency so exercises its first right to negotiate, then for a period of ninety (90) days following the date on which Agency exercises its first right to negotiate the parties will negotiate in good faith concerning the then-current fair market value of such State Water Project water entitlement and the terms of payment of said fair market value to Pumper (i.e., in cash or in installments). If the parties reach agreement within said ninety (90) days, then Agency shall pay the agreed price to Pumper on the agreed terms.

17.5.2 If Agency does not exercise its first right to negotiate within the sixty (60) day period described in Section 17.5.1, then Pumper may sell its beneficial interest in such State Water Project water entitlement on any terms and conditions, and Agency will cooperate in a commercially reasonable manner to effectuate such sale.

17.5.3 If Agency exercises its first right to negotiate within the sixty (60) day period described in Section 17.5.1, but the parties are unable to agree to the price and terms on which Agency will purchase such State Water Project water entitlement within the ninety (90) day period described in Section 17.5.1, then Pumper may sell its beneficial interest in such State Water Project water entitlement on terms and conditions that are no less favorable to Pumper than the highest and best offer made by Agency during Agency's negotiations with Pumper, and Agency will cooperate in a commercially reasonable manner to effectuate such sale.

17.5.4 If Pumper receives an offer to sell its beneficial interest in such State Water Project water entitlement which Pumper desires to accept but which is on terms and conditions that are less favorable to Pumper than the highest and best offer made by Agency during Agency's negotiations with Pumper, then Pumper will provide Agency with written notice thereof. Within thirty (30) days following receipt of said notice, Agency may elect, by written notice to Pumper, to purchase Pumper's beneficial interest in such State Water Project water entitlement on such less favorable terms and conditions as were offered to Pumper. If Agency does not so elect, then Pumper may sell its beneficial interest in such State Water Project water entitlement to such other party, and Agency will cooperate in a commercially reasonable manner to effectuate such sale.

17.6 Representatives of Agency and Pumper shall meet and confer on a regular basis and as circumstances warrant, but not less frequently than annually, to determine (i) the allotment of State Water Project water Agency intends to seek from the turnback pool in each fiscal year, (ii) Agency's ability to increase its requested allotment of State Water Project turnback pool water in order to accommodate deliveries of turnback pool water to or for the benefit of Pumper, (iii) the availability of interruptible water supplies, and the allotment thereof Agency intends to seek, (iv) Agency's ability to increase its requested allotment of interruptible water in order to accommodate deliveries of interruptible water to or for the benefit of Pumper, (v) the anticipated actual cost of any such water delivered to or for the benefit of Pumper, and (vi) the parameters (i.e., quantity and price) under which Agency is authorized to secure water or water rights on Pumper's behalf from spot markets in circumstances where advance consultation with Pumper is not feasible (e.g., the acquisition of interruptible water in circumstances where immediate decision making is required). The parties will cooperate to develop, and to update from time to time as required, a communications protocol that will facilitate the regular exchange of information and decision making concerning the purchase of water as provided in this Section.

18. ACCOUNTING

18.1 The total volume of State Water Project water purchased and delivered to or for the benefit of Pumper, and the actual cost thereof, shall be determined based on the accounting supplied to Agency by the State Department of Water Resources. Agency shall submit invoices showing the actual cost of such water to Pumper following Agency's receipt of an invoice for such water from the State Department of Water Resources. Pumper shall pay such invoices within ninety (90) days following receipt of the same.

18.2 To the extent the State Department of Water Resources adjusts any invoice it supplies to Agency with respect to any accounting period, Agency shall submit a commensurately adjusted invoice with respect to such accounting period to Pumper. Pumper

shall correct any underpayment within sixty (60) days after Pumper's receipt of the adjusted invoice. Any overpayment by Pumper shall be credited against the next amounts due from Pumper.

18.3 Agency will maintain a ledger calculating the total amount of water from time to time owned by Pumper and stored in the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted), and will supply Pumper with a summary thereof not less frequently than annually. Pumper shall have the right to audit Agency's records with respect to the amount of water owned and stored by Pumper, at Agency's office during regular business hours and on reasonable advance notice.

18.3.1 The amount of water owned and stored by Pumper shall be equal to (i) the amount of water imported and recharged by or for the benefit of Pumper as provided in Section 17.1, minus (ii) the amount of water transferred to Agency pursuant to Sections 17.4.3 and 17.4.4, and minus (iii) the amount of water extracted by Pumper following the date on which Pumper notifies Agency that it has commenced to withdraw such water and prior to the date on which Pumper notifies Agency that it has ceased to withdraw such water.

19. PAYMENT OF REPLENISHMENT ASSESSMENTS

19.1 Pumper will pay replenishment assessments with respect to the gross amount of water it extracts from the Wells (i.e., the total amount of the water extracted, without regard to the total amount of the residual Project water or other water recharged by or for the benefit of Pumper into the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted)).

19.2 Replenishment assessments will be paid in arrears at the customary payment interval. With respect to water extracted from the Whitewater River subbasin, replenishment assessments will be paid at the lowest rate then applicable to any party extracting water from the Whitewater River subbasin. With respect to water extracted from the Mission Creek subbasin, replenishment assessments will be paid at (i) the lowest rate then applicable to any party extracting water from the Mission Creek subbasin or, (ii) if replenishment assessments are not then being assessed with respect to the Mission Creek subbasin, then at the lowest rate then applicable to any party extracting water from the Whitewater River subbasin. With respect to water extracted from the Garnet Hill subbasin, replenishment assessments will be paid at the lowest rate then applicable to any party extracting water from the Whitewater River, Mission Creek or Garnet Hill subbasins.

20. FINANCING ACTIVITIES AND ASSIGNMENTS

20.1 For purposes of this Section 20, the following terms have the meanings indicated:

20.1.1 "Foreclosure" means judicial foreclosure of a lien or security interest created by a Security Instrument, sale under a power of sale given in a Security Instrument, and all other remedies provided by law or equity or specified in the Security Instrument and enforceable in California at the time of the Foreclosure for divesting the obligor of title in the event of the obligor's default under the Security Instrument or the obligation it secures.

20.1.2 "Secured Party" means the mortgagee, beneficiary or other obligee of any indebtedness secured by a Security Instrument.

20.1.3 "Security Instrument" means a security agreement, mortgage, deed of trust, financing statement, collateral assignment, pledge or other similar security instrument.

20.2 Provided that Pumper is not then in default under this Agreement, Pumper shall have the right, from time to time, without obtaining Agency's consent, to execute one or more Security Instruments for the purpose of encumbering Pumper's interest (i) under this Agreement, and/or (ii) in water stored by or for the benefit of Pumper in the subbasin(s) from which Pumper extracts water (or other hydrologically connected subbasin(s) that flow into the subbasin(s) from which the water is extracted) pursuant to Section 17.1, in order to secure any indebtedness or other obligation of Pumper. Such water shall not be exported beyond the Agency's boundaries unless and until the holder of the Security Instrument has made its best efforts to use the water within the Agency's boundaries, and under no circumstances shall the water be wasted or put to an unreasonable use.

20.3 If Pumper shall execute a Security Instrument in accordance with this Section 20, Agency agrees that so long as any Security Instrument shall remain unsatisfied or until written notice of satisfaction is given by the holders of any such Security Instrument to Agency, the following provisions shall apply:

20.3.1 There shall be no cancellation (except as a result of Pumper's default, after compliance with the notice and cure provisions provided herein), surrender or modification of this Agreement by joint action of Agency and Pumper without the prior written consent in writing of each Secured Party.

20.3.2 Agency shall, upon serving Pumper with any notice of default, simultaneously serve a copy of the notice upon each Secured Party who has delivered a written request for such notice to Agency.

20.3.3 Each Secured Party shall have the right, but not the obligation, at any time prior to termination of this Agreement, to pay all amounts due hereunder, to effect any insurance, to pay any taxes or assessments, to make any repairs or improvements, to do any other act or thing required of Pumper hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of this Agreement. As against Agency, any Secured Party and its agents and contractors shall have full access to the Land for purposes of accomplishing any of the foregoing. Any of the foregoing done by any Secured Party shall be as effective to prevent a termination of this Agreement as the same would have been if done by Pumper.

20.3.4 Anything contained in this Agreement notwithstanding, if any default shall occur which, pursuant to any provision of this Agreement, purportedly entitles Agency to terminate this Agreement, Agency shall not be entitled to terminate this Agreement, and the notice shall be rendered void, if the Secured Party shall cure the default within (i) thirty (30) days after notice as to any failure of Pumper to perform a monetary obligation when due under this

Agreement (the parties agreeing, that for purposes of this Agreement, a "monetary obligation" shall mean the payment of money payable under this Agreement, or any other monetary obligation required of Pumper under this Agreement, whether payable to Agency or to any third party), or (ii) ninety (90) days after notice as to any failure of Pumper to perform a non-monetary obligation when due under this Agreement (except that if such non-monetary obligation is not reasonably susceptible of performance within ninety (90) days, then such longer time following receipt of notice as is reasonably necessary to perform such non-monetary obligation, including, without limitation, the time required for the Secured Party to perfect its right to cure any non-monetary default by obtaining possession of the Project and/or the Land (including possession by a receiver) or by instituting Foreclosure proceedings, so long as the cure is promptly commenced and the Secured Party acts with reasonable and continuous diligence through to completion of such cure). The foregoing cure periods shall run from the giving of notice of Pumper's failure by Agency to the Secured Party and may run concurrently (either in whole or in part) with the time provided for Pumper's cure of such failure.

20.3.5 All rights of Agency to terminate this Agreement as the result of the occurrence of any default shall be subject to, and conditioned upon, Agency having first given to each Secured Party written notice of the default as required under Section 20.3.4, and all Secured Parties having failed to remedy such default or acquire Pumper's interest hereunder or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in Section 20.3.4.

20.3.6 If any Secured Party is prohibited from commencing or prosecuting Foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Pumper, the times specified in Section 20.3.4 for commencing or prosecuting Foreclosure or other proceedings shall be extended for the period of the prohibition, provided that the Secured Party shall have fully cured any monetary default of Pumper under this Agreement and shall continue to pay currently those monetary obligations as and when the same fall due.

20.3.7 Agency agrees that in the event of termination of this Agreement by reason of the rejection hereof by Pumper or a trustee for Pumper in a voluntary or an involuntary case under the federal bankruptcy laws, or in the event of a Foreclosure by a Secured Party, Agency will enter into a new agreement with the most senior Secured Party requesting a new agreement for the remainder of the term of this Agreement, effective as of the date of such termination, upon the same terms, provisions, covenants and agreements as herein contained, provided:

(a) The senior Secured Party shall make written request upon Agency for the new agreement within thirty (30) days after the date of termination, and the senior Secured Party and Agency will execute such new agreement within thirty (30) days thereafter;

(b) The senior Secured Party shall pay to Agency at the time of the execution and delivery of the new agreement any and all sums which would, at the time of the execution and delivery thereof, be due and

unpaid pursuant to this Agreement but for its termination, and in addition thereto any expenses, including, without limitation, attorneys' fees, to which Agency shall have been subjected by reason of the default;

(c) The senior Secured Party shall perform and observe all covenants herein contained on Pumper's part to be performed, and shall further remedy any other conditions which Pumper under the terminated Agreement was obligated to perform under its terms, to the extent the same are curable or may be performed by the senior Secured Party; and

(d) Any new agreement made pursuant to this Section shall be prior to any Security Instrument or other lien, charge or encumbrance on the agreement, to the same extent as the terminated Agreement. The rights granted any Secured Party to a new agreement pursuant to this Section shall survive any termination of this Agreement by reason of the rejection hereof by Pumper or a trustee for Pumper in a voluntary or an involuntary case under the federal bankruptcy laws.

(e) As a condition precedent to Agency's obligation to execute any new agreement pursuant to this Section, the Secured Party shall reimburse to Agency all costs reasonably incurred by Agency in connection with the preparation, review and/or execution of any such new agreement, including, without limitation, reasonable attorneys' fees and expenses.

(f) Nothing herein contained shall require any Secured Party to enter into a new agreement pursuant to this Section, or to cure any default of Pumper referred to above.

20.3.8 Foreclosure of any Security Instrument, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Security Instrument, or any conveyance of the interest hereunder from Pumper to any Secured Party or its designee through, or in lieu of, Foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of Agency or constitute a breach of any provision of or a default under this Agreement, and upon such Foreclosure, sale or conveyance Agency shall recognize the purchaser or other transferee in connection therewith as contracting party hereunder.

20.3.9 In the event any Secured Party or its designee becomes the contracting party under this Agreement or under any new agreement obtained pursuant to Section 20.3.7, the Secured Party or its designee shall be personally liable for the obligations of Pumper under this Agreement or a new agreement only for the period of time that the Secured Party or its designee remains the actual beneficial holder of the interest hereunder, and only to the extent provided in this Agreement or such new agreement.

20.3.10 The parties hereto shall give all Secured Parties notice of any arbitration, litigation, or condemnation proceedings, and any Secured Party shall have the right to intervene therein and to be made a party to such proceedings. The parties hereto do hereby consent to such

intervention. In the event that any such Secured Party shall not elect to intervene or become a party to the proceedings, such Secured Party shall receive notice and a copy of any award or decision made in connection therewith, but any such intervention shall not diminish Agency's rights under this Agreement.

20.4 This Agreement may be freely assigned to successor owners of the Project or the Land. In addition, this Agreement may be freely assigned by Pumper to the trustee of a trust formed by Ocotillo and D&D having Ocotillo as the primary beneficiary and D&D as the secondary beneficiary.

21. TERM

21.1 The term of this Agreement will be from the date hereof through December 31, 2035.

21.2 The parties will negotiate in good faith, commencing five years prior to the expiration of the initial term, concerning an extension of the term.

22. MISCELLANEOUS

22.1 To the extent recharge facilities include transporting residual Project water by gravity flow to Agency's spreading basins located at a lower elevation, Agency will not oppose Ocotillo's efforts to develop hydro-power generating plants along the transport line, and will cooperate to issue any licenses or approvals required from Agency in order to permit the development thereof. This provision does not give Pumper any right to use or receive revenue or power from Agency's existing hydro-power generating plants, or preclude Agency from developing additional hydro-power generating plants.

22.2 All notices, requests, demands or other communications hereunder shall be in writing and shall be addressed as follows:

D&D:
c/o Frederick W. Noble
125 E. Tahquitz Canyon Way, Suite 201
Palm Springs, California 92262
Facsimile: (760) 323-0688
E-mail: fwnoble@attglobal.net

Ocotillo
c/o InterGen North America, L.P.
909 Fannin St., Suite 2222
Houston, Texas 77010
Attention: President
Facsimile: (713) 374-3901

With a copy to: InterGen North America, L.P.
909 Fannin St., Suite 2222
Houston, Texas 77010
Attention: Vice President and Associate General Counsel
Facsimile: (713) 374-3901

Agency: Desert Water Agency
1200 Gene Autry Trail South
P.O. Box 1710
Palm Springs, California 92263
Attention: General Manager
Facsimile: (760) 325-6505
E-mail: dainsworth@dwa.org

With a copy to: Desert Water Agency
1200 Gene Autry Trail South
P.O. Box 1710
Palm Springs, California 92263
Attention: Assistant General Manager
Facsimile: (760) 325-6505
E-mail: dluker@dwa.org

or such other addresses as either party from time to time may specify in writing to the other in accordance with this notice provision. All notices hereunder shall be effective (a) upon personal delivery, (b) as of the next business day following electronically confirmed transmission by telecopier or e-mail, (c) upon delivery or attempted delivery by Federal Express or other reliable overnight courier service that provides written evidence of delivery, or (d) upon delivery or attempted delivery after having been deposited in United States Mail, certified, postage prepaid.

22.3 Time is of the essence of this Agreement, including, without limitation, with respect to all times, restrictions, conditions and limitations set forth herein.

22.4 Except as stated in writing by the waiving party, any waiver by either party of any breach of any one or more of the covenants, conditions, terms or provisions of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or provision of this Agreement, nor shall failure on the part of either party to require exact, full and complete compliance with any of the covenants, conditions, terms or provisions of this Agreement be construed to in any manner change the terms hereof or estop that party from enforcing the full provisions hereof.

22.5 The captions contained in this Agreement are for informational purposes only, and are not to be used to interpret or explain the particular provisions of this Agreement.

22.6 In the event of any action, proceeding or arbitration arising out of or in connection with this Agreement, whether or not pursued to judgment, the prevailing party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees.

22.7 This Agreement sets forth the full and complete understanding of the parties relating to the subject matter hereof, and supercedes any and all agreements, understandings and representations made prior hereto with respect to such matters.

22.8 Preparation of this Agreement has been a joint effort of the parties, and the resulting document shall not be construed more severely against one of the parties than against the other.

22.9 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

22.10 This Agreement may be signed in any number of counterparts. Each counterpart shall represent an original of this Agreement and all such counterparts shall collectively constitute one fully-executed document.

22.11 If any provision of this Agreement or any portion of any provision of this Agreement shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not alter the remaining portion of such provision, or any other provision hereof, as each provision of this Agreement shall be deemed severable from all other provisions hereof.

22.12 Agency's approval and execution of this Agreement shall not constitute approval of the Project for purposes of the California Environmental Quality Act, Public Resources Code Section 21000 *et seq.* ("CEQA"), and the regulations and guidelines promulgated thereunder. Pumper acknowledges that Agency may participate as a responsible agency in the environmental analysis of the Project pursuant to CEQA and analogous federal statutes and that development of the Project is contingent upon the successful completion of such environmental analysis.

EXHIBIT A

THE LAND

Parcel A

THAT PORTION OF THE WESTERLY 2,929.00 FEET OF SECTION 9, TOWNSHIP 3 SOUTH, RANGE 4 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, LYING NORTHERLY OF THE NORTHERLY LINE OF DILLON ROAD AS DESCRIBED IN DEEDS TO THE COUNTY OF RIVERSIDE, RECORDED JUNE 9, 1964 AS INSTRUMENT NO. 70659 AND JUNE 8, 1966 AS INSTRUMENT NO. 59449 BOTH OF THE OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

Parcel B

ANY PROPERTY, OR INTEREST THEREIN, LOCATED WITHIN A FIVE MILE RADIUS OF THE CENTER POINT OF PARCEL A WHICH IS NOW OR HEREAFTER OWNED, LEASED OR OTHERWISE ACQUIRED BY PUMPER, EITHER ENTITY COMPRISING PUMPER OR ANY OF SUCH ENTITIES RESPECTIVE AFFILIATES, AND WHICH CONTAINS WELLS FOR THE EXTRACTION OF WATER TO SUPPORT THE OPERATIONS OF THE PROJECT.

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:	)	Docket No. 07-AFC-3
	)	
Application for Certification, for the CPV SENTINEL ENERGY PROJECT	)	**ELECTRONIC PROOF OF SERVICE LIST**
	)	
	)	(October 15, 2007]
	)	

☒ Transmission via electronic mail and by depositing one original signed document with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the following:

DOCKET UNIT

CALIFORNIA ENERGY COMMISSION
Attn: DOCKET NO. 07-AFC-3
1516 Ninth Street, MS-4
Sacramento, California 95814-5512
docket@energy.state.ca.us

☒ Transmission via electronic mail addressed to the following:

APPLICANT

Mark Turner
Project Manager
CPV Sentinel, LLC
55 Second Street, Suite 525
San Francisco, California 94105
mturner@cpv.com

Dale Shileikis
Vice President
URS Corporation
221 Main Street, Suite 600
San Francisco, CA 94105-1917
dale_shileikis@urscorp.com

Kathy Rushmore
URS Corporation
221 Main Street, Suite 600
San Francisco, CA 94105-1917
Kathy_Rushmore@URSCorp.com

INTERESTED AGENCIES

Larry Tobias
Ca. Independent System Operator
151 Blue Ravine Road
Folsom, CA 95630
LTobias@caiso.com

Eric Saltmarsh
Electricity Oversight Board
770 L Street, Suite 1250
Sacramento, CA 95814
esaltmarsh@eob.ca.gov

Mohsen Nazemi
South Coast Air Quality Management District
21865 E. Copley Drive
Diamond Bar, California 91765-4182
mnazemi1@aqmd.gov

ENERGY COMMISSION

James D. Boyd
Presiding Member
jboyd@energy.state.ca.us

Jackalyne Pfannenstiel
Associate Committee Member
jpfannen@energy.state.ca.us

Kenneth Celli
Hearing Officer
kcelli@energy.state.ca.us

Bill Pfanner
Siting Project Manager
bpfanner@energy.state.ca.us

Caryn Holmes
Staff Counsel
cholmes@energy.state.ca.us

Public Adviser
pao@energy.state.ca.us

DECLARATION OF SERVICE

I, Paul Kihm, declare that on February 19, 2008, I deposited a copy of the attached:

AFC SUPPLEMENT: REVISED WATER SUPPLY PLAN

with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the California Energy Commission. I further declare that transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service List above.

I declare under penalty of perjury that the foregoing is true and correct. Executed on February 19, 2008, at Costa Mesa, California.

Paul Kihm

650 Town Center Drive, 20th Floor
Costa Mesa, California 92626-1925
Tel: (714) 540-1235 Fax: (714) 755-8290
www.lw.com

LATHAM & WATKINS LLP

FIRM / AFFILIATE OFFICES

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Brussels	New York
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Moscow	Tokyo
Munich	Washington, D.C.

File No. 030137-0012

February 19, 2008

VIA FEDEX

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 07-AFC-3
1516 Ninth Street, MS-4
Sacramento, California 95814-5512

Re: CPV Sentinel Energy Project: Docket No. 07-AFC-3

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find Applicant's AFC Supplement: Water Supply Plan.

Please note that the enclosed submittal was also filed today via electronic mail to your attention.

Very truly yours,

Paul E. Kihm
Senior Paralegal

Enclosure

cc: Michael J. Carroll, Esq. (w/ encl.)