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September 2, 2008

John Kessler, Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

**RE: APPLICATION FOR CERTIFICATION (07-AFC-3)
CPV SENTINEL ENERGY PROJECT, RIVERSIDE COUNTY**

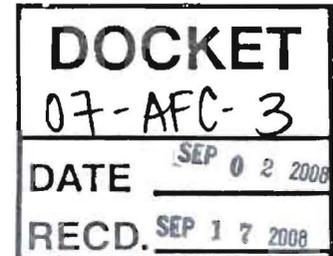
Dear Mr. Kessler:

Desert Water Agency wishes to become more involved in the permitting process for the CPV Sentinel power plant. To date, we have not had much involvement with the Energy Commission staff, and perhaps we should have reached out to your staff sooner.

We wish to assure you that Desert Water Agency has all of the powers and authority necessary to fulfill our commitments contained in the Water Supply Agreement and in the Conservation Agreement executed by Desert Water Agency and CPV Sentinel.

Desert Water Agency is one of twenty-nine State Water Contractors, which receive imported water from the State Water Project. The Agency was formed in 1961 and, along with Coachella Valley Water District, has been importing water supplies for recharge to the Coachella Valley for more than three decades. Desert Water Agency has a coordinated program with the Coachella Valley Water District to ensure that imported water supplies are adequate to satisfy the existing and future water needs within the Upper Coachella Valley Groundwater Basin. We are fortunate that the groundwater basin is one of the largest natural water resources in California with an exceptionally large storage volume. To utilize, manage, and protect this resource, Desert Water Agency and Coachella Valley Water District have developed large capacity spreading grounds within the basin to take full advantage of imported water supplies as they become available for storage and use by our pumpers as needed. This recharge and storage capability allows Desert Water Agency and Coachella Valley Water District to fully utilize all of the supplies that are available over the long term to satisfy the long-term needs of our service area.

Desert Water Agency is collecting capacity charges from new development within its retail service area to pay for the purchase of new imported water supplies to sustain these developments without impacting the adequacy of supplies for existing water users. We have formally suggested to the Mission Springs Water District that a similar fee should be collected for new connections within Mission Springs Water District's retail service area to ensure that a long term balance in water supplies and demands is maintained within its service area as well,



but thus far Mission Springs Water District has declined to collect a charge from new development to pay for the purchase of additional water supplies to serve new development within its service area. Notwithstanding that, since 2002 the Agency and CVWD have delivered approximately 56,000 acre feet of imported water to the Mission Creek spreading grounds. This amount of imported water for recharge significantly exceeds natural water supplies to that subbasin.

The Agency believes that the Water Supply Plan proposed by CPV Sentinel is superior to the alternative which has recently been proposed by Mission Springs Water District. Not only will CPV import more water than it will use for its project, but CPV will also contribute by way of paying an extraction fee to the Desert Water Agency. That extraction fee will be used to bring in additional imported water which CPV will not even use on its project, and will be available for use by others instead. This aspect of our agreement will benefit all current and future pumpers in the Mission Creek Subbasin.

The Water Conservation Program which CPV has proposed, and which the Agency has agreed to, is also superior to the conservation efforts proposed by Mission Springs Water District. Specifically, CPV's plan will require less environmental disruption due to construction, and will prevent removal of an important water source from an area of the Mission Creek Subbasin which, if lost from that area, would result in significant degradation of groundwater quality in that area.

Even though the water reclamation aspect of the Water Conservation Program will occur in the Upper Whitewater Subbasin, and not the Mission Creek Subbasin, it will benefit the Mission Creek Subbasin in that it will reduce pumping from the Whitewater Subbasin and thereby increase the portion of the imported water supplies which will be delivered to the Mission Creek Subbasin. Also, Irrigation Controllers will be made available to all existing residents within the Desert Water Agency, which includes the Mission Creek Subbasin and the Whitewater Subbasin. They will be available to residents in Desert Hot Springs, who reside in the Mission Creek Subbasin, thereby reducing the quantity of water pumped from that Subbasin.

In closing, I wish to invite you and the CEC staff to make use of Desert Water Agency staff and its consultants in clarifying any issues on which you desire additional input. You can also contact Mr. Bob Reeb, our representative in Sacramento, to provide any further information regarding DWA's statutory authority and its recent activities with the State Water Project.

Sincerely,

DESERT WATER AGENCY



David K. Luker
General Manager-Chief Engineer