In a telephone discussion with Mr. Terry LaPrise – Regional Sales Manager of Aquatech International Corp., I obtained information to explore and establish an alternative water treatment approach to utilize groundwater that could be supplied from the semi-confined (upper) aquifer (Well MW-3). The applicant’s water quality data (Table 3.2 of the 3/2/07 Technical Memorandum) and design criteria (AFC Table 5.5-8) served as the basis for developing the water treatment approach using common water treatment equipment. This information was provided to Mr. LaPrise in my email dated August 22, 2007.

Mr. LaPrise confirmed that there is a feasible alternative to lime softening using filtration technology. The conceptual alternative developed and recommended by Mr. LaPrise is summarized as follows:

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Purpose</th>
<th>Feed Flow Rate (gpm)</th>
<th>Product Flow Rate (gpm)</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale Inhibitor Injection</td>
<td>Keeps CaCO₃ (hardness) in solution so that it does not foul Ultra- and Nano-filtration membranes</td>
<td>2,400</td>
<td>2,400</td>
<td>Included</td>
</tr>
<tr>
<td>Ultrafiltration,</td>
<td>Removes suspended and larger dissolved solids &gt; 0.01 micrometers</td>
<td>2,400</td>
<td>1,750</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Horizontal Pressure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Filter</td>
<td></td>
<td></td>
<td></td>
<td>$2,700,000</td>
</tr>
<tr>
<td>Nano-filtration</td>
<td>Reduces hardness, silica and other smaller dissolved solids (0.001 – 0.01 micrometers)</td>
<td>1,750</td>
<td>1,300</td>
<td>$2,700,000</td>
</tr>
<tr>
<td>Membrane Cleaning Skid</td>
<td>For cleaning Ultra- and Nano-filters</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Included</td>
</tr>
<tr>
<td>Controls &amp; Misc.</td>
<td>Control &amp; Monitor Process</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>Included</td>
</tr>
<tr>
<td>Total Equipment Cost</td>
<td></td>
<td></td>
<td></td>
<td>$5,200,000</td>
</tr>
</tbody>
</table>

Mr. LaPrise has indicated that the water treatment approach he has identified is technically feasible using equipment that is commonly available, and is capable of operating intermittently as would be needed for a peaker power plant.
INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 06-AFC-5
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

APPLICANT
Gary R. Chandler
Panoche Energy Center, LLC
P.O. Box 9592
South Jordan, UT 84095-0592
grchandler@gmail.com

APPLICANT CONSULTANTS
Maggie Fitzgerald, Program Manager
URS
2020 East First Street, Suite 400
Santa Ana, CA 92705
Maggie_Fitzgerald@urscorp.com

COUNSEL FOR APPLICANT
Allan Thompson
21 "C" Orinda Way, No. 314
Orinda, CA 94563
allanori@comcast.net

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

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

*Domingo Morales
Director of Public Works
643 Quince Street
Mendota, CA 93640
dmorales@ci.mendota.ca.us

* Indicates change
Ben Gallegos  
Director of Public Works  
1575 Eleventh Street  
Firebaugh, CA 93622  
Publicworks@ci.firebaugh.ca.us

INTERVENORS

CURE  
Gloria D. Smith  
Adams Broadwell Joseph & Cardozo  
601 Gateway Boulevard, Suite 1000  
South San Francisco, CA 94080  
gsmith@adamsbroadwell.com

CURE  
Marc D. Joseph  
Adams Broadwell Joseph & Cardozo  
601 Gateway Boulevard, Suite 1000  
South San Francisco, CA 94080  
mdjoseph@adamsbroadwell.com

ENERGY COMMISSION

JEFFREY D. BYRON  
Presiding Member  
jbyron@energy.state.ca.us

JAMES D. BOYD  
Associate Member  
jboyd@energy.state.ca.us

Paul Kramer, Jr.  
Hearing Officer  
pkramer@energy.state.ca.us

James Reede  
Project Manager  
ibreede@energy.state.ca.us

Deborah Dyer  
Staff Counsel  
ddyer@energy.state.ca.us

Public Advisers Office  
pao@energy.state.ca.us

DECLARATION OF SERVICE

I, April Esau, declare that on September 17, 2007, I deposited copies of the attached Report of Conversation in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

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.

April Esau

* Indicates change