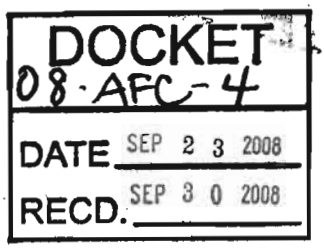
Archie D. McPhee
40482 Gavilan Mountain Road
Fallbrook, CA 92028
September 23, 2008



Felicia Miller, Project Manager
Energy Facilities Siting Division,
California Energy Commission
1516 Ninth Street
Sacramento, CA 95614-5512

Dear Ms Miller,

I have a Bachelors and Masters degree in Chemical Engineering and was a PhD Candidate in Chemical Engineering at the University of Maryland in College Park MD. I am also a California Registered Professional Civil Engineer, License # C56761. I have many years experience in chemical, refinery, and water resources/utilities engineering. I am a candidate for the Fallbrook Public Utility (District) Seat 2.

I am writing for 2 reasons. First, please provide me with the information needed for my "Intervene Status". Second, I am herein complaining about misinformation provided by the Fallbrook Public Utility District (FPUD) concerning fresh water to be supplied to/for the Orange Grove Project (08-AFC-04).

ENCLOSURE 1 is a copy of the California Energy Commission's Application for Certification for the Orange Grove Energy AFC Power Plant Project (08-AFC-04), Volume 1, 2.0 General Facility Description Design, and Operation. plf "Water Supply and Use" pages 2-15, 2-16, 2-17, 2-18, 2-19, and 2-20.

1) In this section of the "Application for Certification" of the Orange Grove Energy power plant, the Design Case for fresh water use at full load summer design conditions with 3,200 hours of operation on each of the two CTGs requiring 20.2 million gallons/year for fresh water plus reclaim water (all supplied by FPUD).
2) The Expected Use Case is both units operational at full load summer conditions with 1,000 hours of operation on each of the two CTG's requiring 6.9 million gallons per year of fresh water plus reclaim water (all supplied by FPUD).
3) Table 2.6-1a identifies the exact usage for fresh water and verifies that FPUD's fresh water must be purified by demineralization. It is also stated that demineralized water is required for injection into the turbines for power augmentation and Nitrogen Oxides emission control and this water must be very high purity or turbine blade damage will result.
4) The water resources section provides the same information as above but in less detail.
5) Truck pickup stations for fresh & reclaim water truck transportation are identified.

ENCLOSURE 2 is an opinion letter in the Fallbrook Village News addressing my concerns about FPUD's Level 1 Drought Condition. In this communication FPUD's President Bert Hayden states that "FPUD will **not** provide Orange Grove Energy with potable (fresh) water as long as Stage 1 or higher drought condition exists." As of July 1, 2008 FPUD was in a Stage 1 drought condition.

ENCLOSURE 3 is a copy of a memo from FPUD GM Lewinger to FPUD's Board of Directors. Please refer to item 7 on the second page. J Power refers to the Orange Grove Energy power plant. It states that Orange Grove Energy's power plant "will be able to purchase potable water (as long as we are not in Level 1 or higher drought condition)". FPUD, at this date, was the only water district in San Diego County to be in a "Level 1" drought condition (lasting from 7/1/08 with no change).

ENCLOSURE 4 is another copy of an opinion letter in the Fallbrook Village News from FPUD President Bert Hayden addressing my previous statement that FPUD "has a water allotment". In this statement FPUD's President Hayden states: "There are no restrictions on our (potable water) purchases". "There is no such thing (as an allotment of water supply for FPUD)". "We purchase the water that our M&I ratepayers require from the San Diego Water Authority". In other words, there is no water allotment or a water supply shortage for FPUD, they can get as much water as they want.

ENCLOSURE 5 contains 2 pertinent pages from the signed "Potable Water Option Agreement" dated by the California Energy Commission on August 21, 2008. The first page submitted states "the District agrees to sell and Orange Grove agrees to purchase, commencing on the Agreement Start Date, up to 62 acre feet per year (20.2 million gallons per year) of potable water for a term of 25 years". The second page contains a drought, water supply shortage, etc. provision which contains a condition under which FPUD can limit the amount of potable water provided to Orange Grove if a real water shortage exists, but with nothing about an existing Stage 1/Level 1 drought condition. Prior to this signed agreement FPUD was informing its ratepayers that Orange Glen was only being provided with reclaimed water because a Stage 1/Level 1 drought condition was in effect (see Enclosures 2 and 3). At the same time, FPUD informed the Village News that they (FPUD) can order all the potable water it wants from the San Diego County Water Authority (see Enclosure 4). Is there a conspiracy to breech the terms of the potable water option agreement? or is there a conspiracy to violate the printed conditions of the California Energy Commission's Application for Certification, 08-AFC-04? Is this a form of racketeering? a violation of the RICCO act?

During your September 3, 2008 meeting in Fallbrook, in my discussions with the Orange Grove Energy Engineer and their Engineering Contractor, prior to the meeting, they openly indicated to me that Orange Grove Energy was willing to immediately replace the fresh water requirements in Enclosure 1 with reclaim water. Please note: demineralization will not remove gases like ammonia or remove odor or remove substances such as E-coli bacteria etc.. It removes just minerals and should be

designed to remove them from FPUD's (around 495 mg/L total dissolved solids) fresh water.

Another concern is reclaimed water must be transported, **by law**, in purple piping and labeled "Contaminated: Do not Drink", how do you intend to meet this requirement when trucking this smelly, contaminated, extremely high total dissolved solids water? How do you propose to identify the difference between your reclaim and fresh water storage tanks to prevent accidental contamination of fresh water with reclaim water?

WHAT IS GOING ON? ARE THEY (Orange Grove and FPUD) PLANNING TO VIOLATE THE CALIFORNIA ENERGY COMMISSION'S CERTIFICATION REQUIREMENTS AS STATED IN THE PRINTED APPLICATION FOR CERTIFICATION (08-AFC-04)? SOMETHING IS JUST NOT RIGHT. TOO MANY DIFFERENT STORIES ARE BEING CIRCULATED AND NEED INVESTIGATION. THIS IS NOT FAIRY TALE TIME, ITS BIG BUSINESS TIME.

One FPUD Director (who I will not identify in this communication) stated in the presence of two female ratepayers (whom I know), that FPUD will sign a potable water contract with Orange Grove Energy but will provide Orange Grove Energy only with reclaimed water, not any potable water, regardless of what the contract states. This needs investigation and some strong contract protective action/wording.

I have been informed by Fallbrook Fire Prevention that FPUD Director Milt Davies purchased a water truck and stored it on County property until he was ordered to move it. Is there a direct connection between Director Davies and Orange Grove Energy involving this water truck?

Archie McPhee
760-723-5908

CC Melissa Jones, Executive Director
Eric Knight Energy Facility Licensing Program Manager
California Attorney General
San Diego County D.A.

ENCLOSURE 1

Table 2.5-1 – Natural Gas Quality

GAS PARAMETERS	VALUES[1]
Low Heating Value	990 BTU/ Cubic foot (ft^3)
High Heating Value	1,150 BTU/ft^3
Moisture	< 7 lb/MMSCF
Hydrogen Sulfide	< 0.25 grain/100 SCF
Mercaptan Sulfur	< 0.3 grain/100 SCF
Total Sulfur	< 0.75 grain/100 SCF
Carbon Dioxide (CO_2)	< 3 percent (v/v)[2]
O_2	< 0.2 percent (v/v)
Inerts	< 4 percent (v/v)
Hydrocarbons Dew Point	< 45 °F at below 400 psig

(1) Source: SDG&E Gas Rule 30 Section H.
(2) v/v = volume per volume

2.6 WATER SUPPLY AND USE

2.6.1 Water Use Requirements

The annual, average, and maximum water requirements for plant operations are identified in Table 2.6-1a and 2.6-1b. Water balances in Appendix 2-D provide additional details of the plant water demand.

The Design Case is both units operational at full load summer design conditions with 3,200 hours of operation on each of the two CTGs. This Design Condition is the maximum water use and would be 62 acre feet per year (AFY) for fresh water and 38.7 AFY for reclaim water.

20.2 MILLION GALS/YR

The Expected Use Case is both units operational at full load summer design conditions with 1,000 hours of operation on each of the two CTGs. This Expected Use Case is the expected average water use and would be 21.1 AFY for fresh water and 12.1 AFY for reclaim water.

6.9 MILLION GALS/YR

Table 2.6-1a – Plant Operations Fresh Water Requirements

SERVICE	AVERAGE USE RATE [1]	INSTANTANEOUS USE RATE [2]	ANNUAL USE[3]
Design Case [4]			
Demineralizer Systems treated water used for SPRINT Power Augmentation/ NO_x Control	41.6 gpm (raw water)	114.0 gpm (raw water)	67.2 AFY
Sanitary and wash down (Intermittent)	0.15 gpm (raw water)	–	0.24 AFY
Landscape Drip (Intermittent)	1.4 gpm (raw water)	–	2.3 AFY

AFY X 325,851 = GALLONS (US)/YR

SERVICE	AVERAGE USE RATE [1]	INSTANTANEOUS USE RATE [2]	ANNUAL USE[3]
Recovered Tower Blowdown – RO Concentrate recycled to Raw Water System (Shown as negative value)	-4.7 gpm	-13.0 gpm	-7.7 AFY
Total	**38.5 gpm (raw water)**	**101 gpm**	**62.0 AFY**
Expected Use Case [5]			
Demineralizer Systems treated water used for SPRINT Power Augmentation/ NO_x Control	13.0 gpm (raw water)	114.0 gpm (raw water)	21.0 AFY
Sanitary and wash down (Intermittent)	0.15 gpm (raw water)		0.24 AFY
Landscape Drip (Intermittent)	1.4 gpm (raw water)	--	2.3 AFY
Recovered Tower Blowdown – RO Concentrate recycled to Raw Water System (Shown as negative value)	-1.5 gpm	-13.0 gpm	-2.4 AFY
Total	--	**101 gpm (raw water)**	**21.1AFY**

(1) Annual Use converted to gallons per minute. (Instantaneous Rate X 3200 operating hours / 8760 hours)
(2) Instantaneous use rate with ongoing operations at the summer design condition.
(3) Annual use based on 3,200 hours of two CTGs operations at the summer design condition.
(4) Design Case based on both units operating at full load at summer design condition.
(5) Expected Use Case based on both units operating at full load at summer design condition for a total of 1000 hours of annual plant operation of two CTGs, concurrent with operation of the truck-mounted demineralizer system.

Table 2.6-1b – Plant Operations Reclaimed Water Requirements

SERVICE	AVERAGE USE RATE [1]	INSTANTANEOUS USE RATE [2]	ANNUAL USE[3]
Design Case [4]			
Air Inlet Chiller Cooling System	38.0 gpm (raw water)	104.0 gpm (raw water)	61.3 AFY
Recovered Waste Water from Tower Blowdown and Inlet Air Chilling Coils – RO Permeate recycled to Cooling System (Shown as negative)	-14.0 gpm	-38.3 gpm	-22.6 AFY
Total	**24.0 gpm**	**65.7 gpm**	**38.7 AFY**
Expected Use Case [5]			
Air Inlet Chiller Cooling System	11.8 gpm	104.0 gpm	19.2 AFY
Recovered Waste Water from Tower Blowdown and Inlet Air Chilling Coils – RO Permeate recycled to Cooling System (Shown as negative)	-4.4 gpm	-38.3 gpm	-7.1 AFY

SERVICE	AVERAGE USE RATE [1]	INSTANTANEOUS USE RATE [2]	ANNUAL USE[3]
Total	**7.4 gpm**	**65.7 gpm (raw water)**	**12.1 AFY**

(1) Annual Use converted to gallons per minute. (Instantaneous Rate X 3200 operating hours / 8760 hours)
(2) Instantaneous use rate with ongoing operations at the summer design condition.
(3) Annual use based on 3,200 hours of two CTGs operations at the summer design condition.
(4) Design Case based on both units operating at full load at summer design condition.
(5) Expected Use Case based on both units operating at full load at summer design condition for a total of 1000 hours of annual plant operation of two CTGs, concurrent with operation of the truck-mounted demineralizer system.

2.6.2 Water Supply and Treatment Systems

Bottled water will be provided for drinking. Other water needs will be satisfied with water trucked to the Site as described in the following subsections.

The natural gas fuel compressors will be air cooled, as will the CTGs lubricating oil systems. Use of this technology will reduce plant water consumption to only that necessary for production of demineralized water for turbine injection and for chiller system cooling tower makeup.

The packaged cooling towers that are part of the CTGs combustion inlet air chiller system will require make-up water. Water-cooling is the selected technology for the air inlet chiller system instead of air-cooled technology because of a critical need to preserve power output and plant efficiency during hot days, as well as the need to reduce noise output from the facility. Section 5.0, Alternatives Analysis, describes the alternatives to water cooling that were evaluated, and the reasons those alternatives were not selected for the Project.

2.6.2.1 Cooling Water Supply

Orange Grove Energy has secured a source of recycled water for power plant cooling through an option agreement with FPUD. Through the option agreement, Orange Grove Energy has obtained rights to purchase up to 45 AFY of tertiary-treated reclaim water. Under Orange Grove Energy's option agreement with FPUD, Orange Grove Energy has rights to a take-or-pay obligation for the reclaim water for 25 years, to accommodate the 25-year operation of the project. Orange Grove Energy will obtain water from FPUD in an annual amount that meets or exceeds the Project's water demand for the air inlet chiller cooling system. The 45 AFY of recycled water secured through the option agreement is more than adequate to supply these needs considering the maximum permitted hours of plant operation for any given year. The water will be trucked to the Site and offloaded into a 414,000 gallon water storage tank. The water will be picked up from the FPUD Wastewater Treatment Plant No. 1 located on the west side of Alturas Road in Fallbrook (Figure 2.6-1).

Only minimal improvements are needed at the reclaim water pickup station, and the required minimal improvements will be within FPUD property. Figure 2.6-2 shows the location of the required improvements. Appendix 2-E provides layouts prepared by FPUD for the improvements. The pickup location will be approximately 500 feet west of Alturas Road and

will be accessed via an existing driveway that traverses FPUD property from Alturas Road. The existing graded earth driveway will be smoothed and paved for a 24-foot width, and an approximately 100- to 125-foot diameter turn-around will be graded and paved at the west end of the driveway. There is an existing pipeline at the pickup point and a concrete loading pad, riser, and 6-inch meter will be installed. The improvements will be completed by FPUD and will not require permits. (Mike Page, FPUD Engineering Manager, personal communication with TRC, December 12, 2007 and January 3, 2008). All work will occur within disturbed areas. Total grading for construction of the improvements will be approximately 500 cubic yards (cy) of excavation and 500 cy of fill.

Water chemistry and additional details of the FPUD water option agreement are provided in Section 6.5, Water Resources.

2.6.2.2 Non-Cooling Water Supply

Water for demineralizer makeup, sanitary and washdown uses, landscaping and firewater reserve will be fresh water provided by the FPUD. The Applicant is securing this source of water for 25-years through an option agreement with FPUD. The water will be trucked to the Site and offloaded into a 535,000 gallon water storage tank. The water will be picked up from a hydrant station to be constructed on the south side of Mission Road in Fallbrook. (Figures 2.6-1 and 2.6-3).

Only minimal improvements are needed at the reclaim water pickup station. Improvements will be constructed, owned and operated by FPUD, and will occur on an existing FPUD easement and/or an adjacent easement. Appendix 2-E provides a preliminary layout for the improvements. The pickup location will be between Mission Road and Live Oak Park Road and is in an area that is extensively disturbed. A driveway will be smoothed and paved connecting Mission Road and Live Oak Park Road. Water trucks will approach via Live Oak Park Road westbound and will depart via Mission Road eastbound. There is an existing pipeline at the pickup point. A concrete loading pad, riser, and meter will be installed. All work will occur within disturbed areas. Total grading for construction of the improvements will be less than 500 cy of excavation and 500 cy of fill.

Water chemistry and additional details of the FPUD water option agreement are provided in Section 6.5, Water Resources.

2.6.2.3 Water Treatment

The 535,000-gallon raw water/fire water storage tank will serve as a multi-purpose tank. It will be used to store raw water for makeup to the demineralized water system, sanitary system, landscaping system and firewater system. The firewater storage capacity of the tank will be 360,000 gallons which leaves 175,000 gallons of reserve for the other systems.

Demineralized water is required for injection into the turbines for power augmentation and NO_x emissions control. Minor quantities will also be required for CTG compressor washes. Demineralized water will be produced by a trailer-mounted demineralizer system, which will be

regenerated offsite. Demineralized water will be stored in a 100,000-gallon demineralized water storage tank which will provide capacity for up to 14 hours of operation of two CTGs at the full load design condition.

Water for use in the CTGs for NO_x emissions control and power augmentation must be of very high purity or turbine blade damage will result. On-line water condition monitors will be installed and the plant operators will conduct frequent tests to ensure that water purity remains within manufacturer specifications.

HIGH PURITY

2.6.2.4 Water Trucking

Orange Grove Energy will purchase new single-trailer semi trucks for hauling the operations water supply to the Site. The trucks will be fueled with ultra low-sulfur diesel fuel and will have a capacity of approximately 6,500 gallons. As previously described, the water supply is planned to be obtained using both a reclaim water pickup station and a fresh water pickup station.

As described below, water hauling will entail approximately one truck per hour for fresh water and one truck per hour for reclaim water for times that the plant is operating. Based on expected use of the plant, water hauling is expected to typically occur about 60 days per year. The plant will typically run the most during summer months and onsite storage will provide substantial storage capacity for peak operating days.

2.6.2.4.1 Reclaim Water

The reclaim water one-way haul distance is 15.6 miles. The reclaim water haul route from the FPUD property will be north on Alturas Road, then east on Ammunition Road, then south on Mission Road, then east on SR 76, then north on Pala Del Norte Road to the Site. The return route will use these same roads. The reclaim water haul route is shown in Figure 2.6-1.

The instantaneous water use rate for the cooling system with both turbines running at summer design conditions is 65.7 gpm (Table 2.6-1). Due to the Orange Grove Project being a peaking plant, operations would normally occur only during hours of high demand, typically 12 hours or less each day that the plant operates. For 12 hours of operation at summer design conditions, the daily cooling water demand would be 47,300 gallons (65.7 gpm x 60 minutes per hour x 12 hours = 47,300 gallons). The cycle time for the 31.2 mile round trip haul, including travel, loading and unloading, will be approximately 1 hour. Based on use of a 6,500 gallon water truck, operations for a 12-hour day at summer design conditions will require a total of 7.3 reclaim water haul round trips. Based on typical peaker plant usage in the SDG&E service area, water hauling is only expected to occur about 60 days per year.

2.6.2.4.2 Fresh Water

The operations phase fresh water trucking one-way haul distance is 9.0 miles. The operations fresh water haul route from the FPUD fresh water pickup station will be east on Mission Road, south on Interstate 15, then east on SR 76, then north on Pala Del Norte Road to the Site. The

return route will use these same roads. The operations fresh water haul route is shown in Figures 2.6-1 and 2.6-3.

With both turbines running at summer design conditions, the plant fresh water demand will be approximately 101 gpm (Table 2.6-1). Due to the Orange Grove Project being a peaking plant, operations would normally occur only during hours of high demand, typically 12 hours or less each day that the plant operates. For 12 hours of operation at summer design conditions, the daily demineralizer feed demand will be 72,720 gallons (101 gpm x 60 minutes per hour x 12 hours = 72,720 gallons). Based on use of a 6,500 gallon water truck, operations for a 12-hour day at summer design conditions will require a total of 11.2 fresh water haul round trips. The cycle time for the 18 mile round trip haul, including travel, loading and unloading, will be approximately 1 hour. Based on typical peaker plant usage in the SDG&E service area, water hauling is only expected to occur about 60 days per year. 101 gpm = 6.1 MILLION GALLONS/YR MAX

2.7 WASTEWATER AND STORM WATER

Water effluents from the plant will include process wastewater, sanitary wastewater, and storm water. These are described in the following sections.

2.7.1 Process Wastewater

Process wastewater streams are identified in Table 2.7-1.

Table 2.7-1 – Plant Operations Process Wastewater Streams

SOURCE	AVERAGE VOLUME	SHORT-TERM PEAK VOLUME
Water Treatment System Blowdown	None (regeneration of demineralizer vessels performed offsite).	None
Air Inlet Chiller Cooling System Blowdown and Air Inlet Filter Chilled Water Coil Condensation	None (blowdown is sent to RO system and reused as chiller package system cooling tower makeup)	None
General Plant Drains (Intermittent): Miscellaneous Non-Oily Water Drains to Emergency Containment Tank Turbine and Compressor Washdown	 Negligible Negligible Negligible	 Negligible Negligible Negligible
Facility Washdown Drains (Intermittent)	Negligible	35 gpm
Total	**Negligible**	**35 gpm**

Blowdown water from the chiller system cooling towers and other non-oily wastewater streams will be collected and forwarded to a RO system. The RO permeate (clean water) will be directed to the tower makeup water storage tank. The RO concentrate (cycled water) will be directed to the raw water/firewater storage tank. With the RO system incorporated to recycle cooling tower blowdown and other miscellaneous non-oily wastewater streams, the plant will recycle all of its

Month	TDS (mg/L)	G&O (mg/L)	Boron (mg/L)	Iron (mg/L)	Manganese (mg/L)	Calcium (mg/L)	Magnesium (mg/L)	Potassium (mg/L)	Sodium (mg/L)	Nitrate (mg/L)	Chloride (mg/L)	Sulfate (mg/L)	Nitrite (mg/L)	Fluoride (mg/L)	Ammonia (mg/L)	TKN (mg/L)	Total Phosphorus (mg/L)	MBAS (MG/l)	Sodium Adsorption Ratio
Nov	680	<1.1	0.350	0.047	0.031	60	25	17	120	7.9	140	180	1.4	0.29	10	12	3.2	0.11	
Dec	680	<1.1	0.350	0.040	0.035	63	25	16	130	6.5	150	200	1.8	0.26	8.6	11	2.8	0.07	
Avg.	**746**	**<5.0**	**0.348**	**0.078**	**0.033**	**64.2**	**26.7**	**16.2**	**133**	**14.9**	**153**	**212**	**1.9**	**0.33**	**10.2**	**13.6**	**2.03**	**0.1**	
Jan	670	<1.2	0.400	0.035	0.018	60	25	17	130	8.8	160	180	0.99	0.35	8.1	3.4	2.3	0.13	
Feb	760	1.2	0.400	0.075	0.029	65	27	16	130	4.3	160	220	1.0	0.60	14	17	2.2	0.21	
Mar	810	<1.2	0.380	0.047	0.023	70	30	18	140	3.9	160	240	<1.8	0.36	9.7	17	2.9	0.1	
Apr	690	<1.2	0.430	0.026	0.025	60	25	17	140	5.4	170	200	1.3	0.3	10	12	1.3	0.19	
May	780	<1.2	0.440	0.034	0.019	69	27	19	140	5.1	160	230	3.1	0.35	10	11	0.64	0.09	
Jun	760	1.3	0.350	0.054	0.016	68	26	15	110	7.4	150	240	<.15	0.62	3.6	3.9	3	0.09	
Jul	830	<1.1	0.360	0.031	0.012	68	26	17	130	9.2	150	200	0.64	0.45	5.2	7.8	4.6	0.14	
Aug	810	<1.2	0.410	0.041	0.025	64	26	17	140	12	150	170	<.15	0.29	3.1	4.5	4.1	0.13	
Sep	820	1.2	0.370	0.028	0.03	65	26	17	130	13	150	220	0.81	0.43	0.77	3.1	4.8	0.13	
Oct	830	19	0.380	0.041	0.028	63	25	17	120	15	160	180	<.15	0.45	0.34	2.2	5.3	0.11	
Avg.	**776**	**<5.0**	**0.392**	**0.041**	**0.023**	**65.2**	**26.3**	**17.0**	**131**	**8.4**	**157**	**208**	**1.3**	**0.42**	**6.5**	**8.2**	**3.11**	**0.13**	

AVE 2+ YEARS = 772 TDS mg/L
HIGHEST = 980 TDS
DEC 2006 OF 490 QUESTIONABLE
OCT, NOV, DEC OF 680 QUESTIONABLE
OCT/2005 OF 670 QUESTIONABLE

Table 6.5-1– FPUD Reclaimed Water Quality Chemistry Profile For 2006 And 2007

Month	TDS (mg/L)	G&O (mg/L)	Boron (mg/L)	Iron (mg/L)	Manganese (mg/L)	Calcium (mg/L)	Magnesium (mg/L)	Potassium (mg/L)	Sodium (mg/L)	Nitrate (mg/L)	Chloride (mg/L)	Sulfate (mg/L)	Nitrite (mg/L)	Fluoride (mg/L)	Ammonia (mg/L)	TKN (mg/L)	Total Phosphorus (mg/L)	MBAS (MG/l)	Sodium Adsorption Ratio
Jan	768	<5.0	0.261	0.027	0.021	79.2	33.9	14.3	132	24.8	154	237	5.7	0.23	6.8	8.2	0.82	0.07	
Feb	830	<5.0	0.346	0.114	0.062	82.3	32.1	15	144	13.4	166	227	1.7	0.25	13.9	14.6	0.49	0.06	
Mar	822	<5.0	0.288	0.102	0.032	70.1	31.9	13.5	135	18.5	172	252	2.9	0.2	8.68	9.24	0.45	0.15	
Apr	786	<5.0	0.365	0.277	0.038	62.1	32	14.2	132	18.4	178	223	2.6	0.26	9.7	9.8	1.2	0.1	
May	980	<5.0	0.42	0.048	0.053	73.8	32	13.6	145	10.7	177	233	1.3	0.35	12.4	17.5	1.04	0.17	
Jun	610	<5.0	0.334	0.071	0.037	66.2	28.9	13.5	136	17.3	160	232	6.9	0.3	9.3	11.5	<.02	0.08	
Jul	850	<5.0	0.415	0.033	0.046	76.5	32	16.9	156	9.5	179	255	3.5	0.3	13.7	13.8	1.58	0.04	
Aug	860	<5.0	0.354	0.049	0.033	83.6	30.9	16.3	142	10.5	194	283	6.1	0.31	12.1	14.2	1.96	0.04	
Sep	850	<5.0	0.365	0.058	0.033	60.6	27.7	15.5	134	15.4	165	227	3.8	0.27	9.1	11.8	2.22	0.05	
Oct	840	<5.0	0.377	0.037	0.04	66.2	28.5	15.3	138	11.8	181	240	2.9	0.27	11.5	13.6	2.07	0.05	
Nov	830	8	0.44	0.063	0.03	71.2	31.9	16.6	142	9.0	161	241	2.4	0.26	11.2	18.8	2.09	0.06	
Dec	490	<5.0	0.323	0.091	0.028	79.6	30.7	18.3	154	1.9	97	229	<.04	0.28	14.9	18.5		<.02	
Avg.	**793**	**<5.0**	**0.357**	**0.081**	**0.038**	**72.6**	**31.0**	**15.3**	**141**	**13.4**	**165**	**240**	**3.6**	**0.27**	**11.1**	**13.5**	**1.39**	**0.08**	
Jan	860	<5.0	0.330	0.279	0.043	69.6	32.5	15.8	147	20.9	172	251	1.7	0.41	8.5	9.6	2.17	0.08	
Feb	780	<5.0	0.340	0.180	0.038	72.9	30.7	16.8	155	9.3	162	222	1.5	0.23	17.2	18.2	0.02	0.1	
Mar	720	<5.0	0.294	0.056	0.037	68.4	28.7	15.6	138	2.1	157	224	0.56	0.35	15.9	16	0.83	0.07	
Apr	710	<5.0	0.344	0.060	0.017	57.7	24.1	13.1	123	35.8	145	207	2.8	0.16	10.9	15.4	1.2	0.05	
May	740	<5.0	0.335	0.045	0.027	65.8	29.8	16.2	135	54	159	208	1.3	0.25	4.5	8.5	3.45	0.09	
Jun	960	<5.0	0.365	0.065	0.028	65.1	24.3	15.1	136	26.1	151	204	5.9	0.2	8.9	11.9	0.92	0.07	
Jul	720	<5.0	0.360	0.023	0.04	66	26	18	130	5.6	150	210	2.2	0.49	7.2	11	3.6	0.11	
Aug	720	<5.0	0.340	0.030	0.029	59	24	16	120	3.2	140	230	2.0	0.39	9.7	15	3.5	0.11	3.4
Sep	730	<0.9	0.360	0.039	0.037	55	23	16	120	2.3	160	220	1.1	0.48	12	20	1.4	0.25	
Oct	670	<0.95	0.410	0.066	0.033	68	27	19	140	4.7	150	190	1.0	0.43	9.5	14	1.3	0.09	

ENCLOSURE 2

Opinion

rnia parents their children

ision immediately became subject of sharp criticism oss the nation and a US use resolution called for onsideration of the case. California Court of Appeal ed to rehear the case. iberty Counsel filed a 57-page on behalf of 19 members of United States Congress. The overviews home education of all 50 states and the rict of Columbia, where it gal.

1925, the US Supreme rt stated, "The fundamental ory of liberty upon which governments in this Union ose excludes any general ver of the state to standardize children by forcing them to ept instruction from public hers only. The child is not mere creature of the state; se who nurture him and t his destiny have the right, pled with the high duty, to

RE: 'Hard times for ratepayers but not FPUD employees' [Letter, Village News, 8/7/08]

In partial response to Archie McPhee's letter, I provide the following:

I chaired the meetings that established the policies and implemented the FPUD Drought Management Plan. Stage 1 of the FPUD Drought Plan asks ratepayers to voluntarily reduce water consumption by 10 percent. Further, FPUD will not allow expansion of the FPUD service area but will continue to provide water to our existing service area customers, who have been paying taxes and fees on their yearly tax bills.

At Stage 2 and higher (which includes water rationing, where ratepayers will be required to save water with allocations and fines for failure to save) meters will no longer be available for new hookups in most circumstances. The FPUD philosophy is not to increase our customer base and water demand while requiring our existing customers to reduce water consumption.

Orange Grove Energy is purchasing recycled water from FPUD to cool their proposed power plant. FPUD has a surplus of recycled water that is piped into the Pacific Ocean near Oceanside.

FPUD has also entered into an option agreement to provide Orange Grove Energy with potable water. This option is financially lucrative for FPUD and its ratepayers and allows Orange Grove Energy to continue their permit approval process.

In the agreement FPUD will not provide Orange Grove Energy with potable water as long as a Stage 1 or higher drought condition exists. In our current Stage 1 condition, Orange Grove Energy will only be allowed to purchase additional recycled water.

Bert Hayden
President,
FPUD Board of Directors

Editor's Note: More of Mr. Hayden's response will be printed in the next issue of the Village News on August 28.

RE: 'Hard times for ratepayers but not FPUD employees' [Letter, Village News, 8/7/08]

Mr. Archie McPhee states, "Stage 1 does not prevent FPUD from exporting its/our potable water... California Energy Commission's new requirements state FPUD will truck 6.9 million gallons of potable water/year and 3.9 million gallons

the turbine equipment, can be from either a potable or reclaim source.

FPUD sells Orange Grove potable water on an as-available basis, and despite what McPhee implied in his opinion piece

consistent with the historical operations of identical equipment at Miramar, it will operate only 200 hours per year and consume less than three acre-feet of total water. However, it will pay FPUD for a minimum of 45 acre-feet of

ENCLOSURE 3

MEMO

TO: Board of Directors
FROM: Keith Lewinger
DATE: July 21, 2008
SUBJECT: General Manager's Compensation

The Board of Directors will be reviewing the performance of the General Manager for the past year during closed session today. I have included a summary of the progress made on the goals set for the GM for this past year.

During my review last year, each Board member expressed their satisfaction with the effort given by the General Manager during that past year. Last year, several Board members expressed the opinion that the General Manager's performance was "outstanding". I hope both these trends continue (I believe they have!). As a result of that review, last year the Board increased my total compensation by the COLA given to all other FPUD employees. Last year the Board also amended my contract to include what had previously been my car allowance in my base salary.

The major accomplishments during the past year have been:

1. We completed the sludge drying capital improvements at the treatment plant. Entered into contracts for purchase of 100% of the dried sludge. (We hope to re-negotiate or enter into new contracts in the coming year to yield more revenue.)
2. We are nearly finished with design of the UV facilities at Red Mountain Reservoir. We have had regular meetings with the health department who is fully on board with the design. Getting the health department to agree to allow use of UV disinfection rather than full treatment will save the ratepayers tens of million of dollars.
3. After the Red Mountain litigation was overturned last year we began negotiations with the Chaffins to agree on a settlement that would not cost the District any additional funds. The Chaffins have not been very cooperative in this process but we believe we should continue to discuss settlement. We are also proceeding with preparation for re-trying the case if negotiations fail.
4. The Fallbrook school district recognized our outreach efforts with the schoolchildren by giving FPUD the Cornucopia Award for the second year in a row.
5. We successfully implemented new rates and charges with minimal negative comment from the community. In my mind this represents a clear recognition by our ratepayers that when we do ask for rate increases they are justified and they have trust in what we as an organization are doing.
6. We (in cooperation with CPEN) received commitment for $2,500,000 in grant funds from the competitive Integrated Water Resources Management Program at CWA to continue/complete the SMR Conjunctive Use. The funding for this comes primarily from Prop. 84.

7. We successfully negotiated two Option Agreements with JPower for purchasing recycled and potable water from the District. We were paid $50,000 for those two option agreements and will potentially receive an additional $50,000 if the permitting process takes more than one year. If they execute the option agreements they will be obligated to take or pay for recycled water and will be able to purchase potable water (as long as we are not in a Level 1 or higher drought condition) at rates very favorable to the District.
8. The Rice Canyon Fire emergency was handled with no loss of water service to any of our customers. We did loose our chlorination station at Red Mountain. That facility was replaced with a temporary (will be in service until UV project is complete) facility using liquid chlorine within 72 hours of the initial loss.

Section 10.1 of the Administrative Code states the Board's policy with regards to compensation:

....the Board is committed to attracting and retaining high caliber, skilled employees, providing them with adequate tools and equipment in a working environment with a strong emphasis on safety. In order to achieve these objectives, and maintain high morale and productivity, the Board has established a policy to maintain a competitive compensation program and employee recognition program....

In order to provide the Board with data to help determine what a competitive compensation program would be I have attached (Table 1) the results of a salary survey of 14 other General Managers of comparable agencies in the region, excluding Rainbow. I culled that list of 14 by dropping the two high and two low agencies (Table 2). I also looked at dropping those agencies which are not local (within close proximity to FPUD) leaving only the 8 comparable agencies in the immediate vicinity (Table 3). In each of these analyses it is clear that the average total compensation is greater than my current total compensation of $189,933 (this figure already includes the 2.6% COLA given on 7/1/08 to all employees). In fact, the average total salary and car allowance for the three analyses described above are: $201,506 (all 14), $196,017 (drop two hi and two low) and $201,730 (local 8).

There are an infinite number of ways to make adjustments to the GMs total compensation. All these methodologies make the basic assumption that the Board continues to be pleased with my performance. One of the policy issues the Board should discuss is whether they want the GM's compensation comparable to the average of other GMs or some other percentile.

I would request that the Board consider increasing my total compensation in the following manner.

First, I would ask the Board to **consider a salary merit increase of at least a 2.5%, commensurate with a meets requirements performance rating.** Other employees receive merit increases of 2.5% for meets requirements or 5.0% for exceeds requirements.

Second, I would ask the Board to have the Personnel Committee meet with me to discuss, and return to the Board with a proposal to amend my contract to provide me and my wife with a third party health insurance program which would limit our out of pocket health care costs after I retire. If the Board and I can agree on the basic cost of such a program then the requirement for the District to provide this insurance would be contingent upon me not retiring or otherwise voluntarily leaving the District until after July 1, 2010 (at least 2 more years, I will be 61). What I am asking the Board to do here is decide if you feel there is a benefit to the District of me committing to you that I would not retire for at least 2 years. If your response is yes, then what is that value and then how would we apply that value to a insurance program.

Third, I would ask the Board to amend my contract to require 4 affirmative votes to dismiss me without cause. Currently, a simple majority can terminate the GM with or without cause.

That the Board of Directors approve Ordinance xxx which::

1. Modifies the contract with the General Manager to increase the General Manager's base salary (defined above)by x.x% (at least 2.5%) representing a merit increase commensurate with "meets requirements" effective July 1, 2008.

2. Modifies the contract with the General Manager to require 4 affirmative votes of the Board members to terminate the GM without cause.

3. Direct the personnel committee to meet with the General Manager to negotiate an insurance policy that would limit the GM and his spouse's out of pocket health care costs after he retires in return for the GM committing to not retire or otherwise voluntarily leave the District before July 1, 2010.

ENCLOSURE 4

OPINION

s age 5 to 19!
ll hold its first
lay, September
ll be held at the
chool cafeteria

ing, floriculture,
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4-H is a great
n to learn and

have fun! The community pride project will be collecting school supplies for less fortunate children in our area. Come to our meeting and learn more about this great club! New and returning members welcome! Hope to see you there.

Andrew Matthews
Fallbrook 4-H

RE: 'Hard times for ratepayers but not FPUD employees' [Letter, Village News, 8/7/08]

[Continued from the Village News issue of 8/21/08]

There was also incorrect information in Mr. McPhee's letter regarding "our/FPUD's allotted potable water supply." There isn't such a thing. We purchase the water that our M&I ratepayers require from the San Diego County Water Authority. There are no current restrictions on our purchases, although we have been asked to save water ("The 20 Gallon Challenge").

Interruptible Water Users (ag users) who in the past entered into a contractual agreement with the Metropolitan Water District of Southern California to purchase surplus water at a below market rate have been required to reduce their demand by 30 percent. There is an allocation for these users. This reduction, when water supplies are short, was a condition of that contract.

Bert Hayden
President,
FPUD Board of Directors

l Pantry gives thanks

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to the needy.

We at the Fallbrook Food Pantry also want to thank Wade Colburn very much for the hundreds of backpacks he has collected and donated over the years, including 160 this year. Wade is a junior at Fallbrook High School.

Frank Russell
Fallbrook Food Pantry

Smiles Project thanks volunteers

Fallbrook Smiles Project (FSP) provides a variety of activities including free dental screenings at elementary schools, health fairs and migrant education programs. FSP also provides education about dental care to all age groups.

FSP would like to thank and recognize the dental professionals who have volunteered their time and expertise during the past year to its programs. Without these individuals, FSP could not function.

Local dentists and dental hygienists who have volunteered with FSP during the past year include dental hygienists Susan Duling, RDH, Erika Feltham, RDH, and Beth Mudie, RDH, and dentists Dr. Randy Carlson (board member, Fallbrook Smiles Project), Dr. Rosario Desimone, Dr. Charles Drury, Dr. Gregory Montague, Dr. Philip Roberts, Dr. Hardev Singh, Dr. Brian Smith and Dr. Quinn Thai.

Janine Loescher
FSP Coordinator

Pro Tire Automotive [illegible]

ENCLOSURE 5

EXHIBIT F
POTABLE WATER OPTION AGREEMENT

C-O-V-E-N-A-N-T-S

1. Sale of Potable Water by District. The District agrees to sell and Orange Grove agrees to purchase, commencing on the Agreement Start Date, up to 62 acre feet per year of potable water for a term of 25 years and 2 months. The District shall bill Orange Grove on a monthly basis for actual water used, plus monthly fixed charges. A late charge equivalent to one and one half percent (1½ %) per month shall be levied for each day invoiced amounts are not paid following the due date.

2. Fees Paid to District and the Price For Potable Water and Future Price Increases. The commodity price for the potable water sold by the District to Orange Grove shall be at the published rate for construction meters set by the District Board of Directors from time to time, in its sole discretion. The construction rate for customers inside the District as of June 23rd, 2008 is $2.95 per thousand gallons. The District makes no guarantee about future price increases and intends to sell potable water to Orange Grove at a rate established for customers inside the District's formal boundaries. The potable water commodity rate to be paid by Orange Grove shall include a capacity charge/premium charge for payment to acquire new capacity equal to [redacted] of the commodity rate for customers inside the District. Orange Grove's total commodity rate shall therefore be [redacted] of the commodity rate paid by customers with construction meters inside the District's boundaries. Orange Grove will also pay a monthly system access charge for the meter which is set for their use at the Delivery Site, currently $373.50 per month for a 6-inch meter. This monthly system access charge is subject to increases in the future and shall be at the rate set by the District Board of Directors, in its sole discretion and is payable regardless of the quantity of potable water delivered. The monthly system access fee shall be paid in advance on the date of execution of this agreement and invoiced on a monthly basis thereafter. A late charge equivalent to one and one half percent (1½ %) per month shall be levied for each day (pro rated) the fee is paid following the due date.

   In addition to the price for the potable water set by the District, an additional monthly independent fixed fee equal to Orange Grove's cost for [redacted] gallons ([redacted] x construction rate x [redacted]) shall be paid by Orange Grove to the District above and beyond the rate charged for the potable water. Both parties agree that this monthly fee is an independent fee paid to District for the guarantee of a long term supply and is payable upon execution of this agreement and on an monthly basis thereafter. This payment shall be paid upon execution of this agreement and invoiced monthly thereafter by the District. A late charge equivalent to one and one half percent (1½ %) per month shall be levied for each day (pro rated) the fee is paid following the due date.

3. Responsibility and Indemnity for Potable Water after Delivery. Orange Grove recognizes that by entering into this Agreement, Orange Grove is solely

5. Drought, Water supply shortage, water emergency and Incremental Recycled Water Reservation. In the event a drought, a water supply shortage or a water emergency [as determined by the District in its reasonable discretion] limits the District's ability to deliver potable water, the District may prohibit access to the potable water Point of Delivery. At any time that the District prohibits annexations to the District due to water supply concerns, the District will prohibit access to the potable water Point of Delivery. The District shall notify Orange Grove of any restrictions at least 24 hours in advance of their taking effect. For every day or partial day that the District restricts potable water access, Orange Grove shall receive an incremental increase in the reservation of tertiary treated recycled water under its Recycled Water Supply Agreement. The incremental increase in the reservation of tertiary treated recycled water shall be 62 acre-ft less the amount of potable water that has already been delivered in a calendar year.

6. Remedies for Breach. In the event of a breach of any term or provision of this Agreement by either party, both parties shall have all rights and remedies granted by California law. Nothing contained in this Agreement shall be construed as limiting any of the rights and remedies of either parties upon any breach of a term or provision of this Agreement.

7. Installation of Improvements, Priority of Use. As a material term of this Agreement, Orange Grove shall pay for all new capital facilities that will be necessary to fill Orange Grove's trucks at the Delivery Site. These improvements include at a minimum, but are not limited to approximately 200' feet of 14' wide asphalt road way, water handling facilities including 6-inch meter necessary to fill the trucks, concrete loading pad, and other ancillary appurtenances as may be required by the District in its sole discretion (collectively, the "New Facilities"). It is anticipated that the 14' wide road would provide sufficient width for trucks transporting the potable water for Orange Grove.. These improvements are currently estimated to cost _____ dollars ($_____), however in no case are the costs for the improvements limited to this amount. The District shall be responsible for constructing the New Facilities. The District shall construct the New Facilities within four (4) months after the date of this Agreement. All improvements determined necessary by the District must be completed prior to commencing deliveries, and no hauling will be allowed until all necessary regulatory permits (if any) are acquired by Orange Grove. Orange Grove shall deposit the engineer's estimate of the aforementioned facilities within 90 days in advance of construction of the facilities. Such deposits shall solely be used for the costs of constructing the New Facilities. Upon completion of construction of the New Facilities, any amounts remaining will be returned to Orange Grove within thirty (30) days after the completion of construction and payment of all invoices relating to construction. If construction costs exceed the amount deposited by Orange Grove, Orange Grove shall pay such additional costs after being notified by the District of any such additional costs. Orange Grove shall have exclusive use of the water filling station and meter and