

LUZ SOLAR PARTNERS LTD., VIII

LUZ SOLAR PARTNERS LTD., IX

89-AFC-1C

Federal Express

September 19, 2002

Mr. Stephen D. Munro
California Energy Commission
1516 Ninth Street, MS-2000
Sacramento, CA 95814-5512

| |
|----------------------------|
| DOCKET 89-AFC-1C |
| DATE SEP 19 2002 |
| RECD OCT 01 2002 |

Re: Finalization of the Marsh Enhancement Agreement

Dear Mr. Munro:

Attached please find the final signed copy of the June 26, 2002 Letter Agreement and the Appendix A to the Letter Agreement. Per Appendix A, LSP VIII and LSP IX will be transferring funds within 30 days of the execution of Appendix A, or no later than October 11, 2002. LSP VIII and LSP IX will send to you verification that the transfer was completed within 7 days of its issuance.

We appreciate all your help in this matter. Please do not hesitate to call me at (561) 625-7418, if you have any questions.

Sincerely,



Rebecca W. Perree
Business Manager

Enclosures

cc: Tim Read, Bureau of Land Management (letter only)

700 Universe Blvd.
Juno Beach, FL 33408
Phone: (561) 691-2451
Fax: (561) 691-7309

June 26, 2002

Tim Read, Field Manager
Barstow Field Office
California Desert District
U.S. Department of the Interior
Bureau of Land Management

- Re: (a) December 1999 Agreement for Compliance with Wetland Maintenance condition of Certification for Solar Electric Generating Systems (SEGS) VIII and IX, Harper Lake, California (the "Compliance Agreement");**
- (b) BLM Assistance Agreement with Friends of Harper Lake, Inc. Agreement No. BAA020014 (the "Assistance Agreement"); and**
- (c) BLM Letter No. 1110 (CA-680) to Rebecca Perree, received April 22, 2002**

Dear Mr. Read:

Reference is made to your letter to Ms. Perree (No. 1110 (CA-680)), in which you advise that the Bureau of Land Management ("BLM") has entered into the referenced Assistance Agreement with Friends of Harper Lake, Inc. ("FHL"). You have further stated in said letter that the Assistance Agreement is to provide the mechanism to facilitate the transfer of water and funds for final implementation of the Compliance Agreement (Reference a).

This letter shall confirm that the transfer of 75 acre-feet of free production allowance of water rights (as adjusted) and funds in the amount of \$60,000.00 from LSP VIII and/or LSP IX directly to FHL shall effectively constitute the transfer of said water rights and funds to the BLM. The transfer of said water rights and funds shall be in all other respects in accordance with the terms of the Compliance Agreement. Except for the direct transferee being FHL rather than the BLM – per the BLM's request that the funds be transferred directly to FHL for the sole purpose of supplying water to the Harper Lake Watchable Wildlife Area- all terms of the Agreement shall continue to be effective. The transfer of said water rights and funds in such manner shall fully satisfy all obligations of LSP VIII and LSP IX as: (i) specified in the SEGS VIII Biological Resources Condition of Certification Number 5, in the SEGS VIII CEC Decision (attached hereto as Exhibit A); (ii) specified in the SEGS IX Biological Resources Condition of Certification Number 11.k, in the SEGS IX and X CEC Decision (attached hereto as Exhibit B); (iii) specified in the April

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Tim Read, Field Manager
June 26, 2002
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26, 2000 CEC Order (Docket Nos. 88-AFC-1C and 89-AFC-1C), Order No. 00-0426-10; and as specified in the Compliance Agreement.

The Compliance Agreement assures that once the above conditions are met, LSP VIII and IX have fulfilled their obligation. This letter of agreement further assures and clarifies that if for any reason FHL can no longer fulfill the requirements of this agreement, the BLM shall be fully responsible for administering the Compliance Agreement. The BLM shall also be responsible for renegotiating the Assistance Agreement when the term has ended in order to extend the Assistance Agreement. The BLM and FHL agree to modify the Assistance Agreement to include the following provisions: 1) prohibiting the sale or transfer of said water rights by FHL without the prior written consent of the BLM; 2) FHL shall provide at least 90 days advance written notice of such intended sale or transfer; and 3) Water system expenses will be paid under task orders.

The BLM will provide to the CEC a copy of the Proof of Transfer of the water rights. The BLM shall also notify the CEC within 7 days of the first water delivery to the Harper Lake Watchable Wildlife Area. This will signify fulfillment of the conditions under the Compliance Agreement.

Please acknowledge your acceptance of the terms set forth above by signing in the space provided below. We are also obtaining the signature of Friends of Harper Lake in order to assure their understanding of the above. By copy of this letter to Stephen D. Munro, I also ask him to have Terrence O'Brien acknowledge their concurrence on behalf of the CEC by signing below. This letter agreement may be signed in counterparts.


Sincerely,



Thomas L. Hartman
Vice President

RP/bjw
Enclosures

ACKNOWLEDGED AND AGREED TO BY:



TIM READ
Field Manager, Barstow Field Office
California Desert District
U.S. Department of the Interior
Bureau of Land Management

6-27-02

Date

Tim Read, Field Manager
August 28, 2002
Page 2 of 2

ACKNOWLEDGED AND AGREED TO BY:



TIM READ
Field Manager, Barstow Field Office
California Desert District
U.S. Department of the Interior
Bureau of Land Management

9-9-02

Date

ACKNOWLEDGED AND AGREED TO BY:

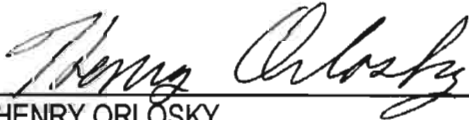


TERRENCE O'BRIEN
Deputy Director
California Energy Commission

8/30/02

Date

ACKNOWLEDGED AND AGREED TO BY:



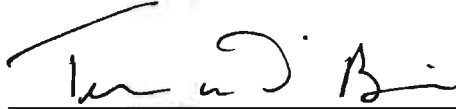
HENRY ORLOSKY
President
Friends of Harper Lake, Inc

9-11-02

Date

Tim Read, Field Manager
June 26, 2002
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ACKNOWLEDGED AND AGREED TO BY:



TERRENCE O'BRIEN
Deputy Director
California Energy Commission

6/28/02

Date

ACKNOWLEDGED AND AGREED TO BY:

HENRY ORLOSKY
President
Friends of Harper Lake, Inc

Date

**APPENDIX A TO
JUNE 26, 2002 LETTER AGREEMENT TO THE BLM
REGARDING TRANSFER OF 75 ACRE FEET OF
GROUND WATER TO THE HARPER LAKE MARSH**

This Appendix A is for the purpose of further defining some of the conditions listed in the June 26, 2002 letter ("Letter") to Tim Read, Bureau of Land Management. Clarifications are as follows:

Regarding the \$60,000 dollars to be used to pay for the well and water conveyance system –

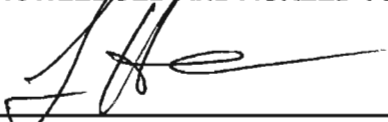
In order to maximize the \$60,000, the BLM has asked that the monies be transferred in lump sum directly to FHL from LSP VIII and LSP IX. The \$60,000 will be transferred to FHL from LSP VIII and LSP IX no later than 30 days after execution of this Appendix A, and LSP XIII and IX will send a copy of the transfer instrument to the CEC CPM for verification within 7 days of its issuance.

- **Verifying the funds will be used in the manner in which they were intended -** The BLM will provide task orders to FHL for the installation of the well and water transfer system, and will provide copies to the CEC CPM of invoices from FHL against the \$60,000 to show where the monies were allotted and spent. The BLM will take an active role in the selection of the vendor, installation, and initial operation of the system.
- **Assurance that the BLM can take control if for some reason the FHL is not longer able to support the Harper Lake Watchable Wildlife Area -** If for some reason FHL can no longer fulfill the Assistance Agreement, the BLM will take over full responsibility for the Harper Lake Watchable Wildlife Area until the BLM finds another group to replace the FHL.

Assurance that the Water Rights will be used for the Harper Lake Watchable Wildlife Area -

A provision will be included in the water transfer documents limiting FHL's use of the subject water to that intended by the Commission's Decision. Specifically, a clause will be included to provide that FHL shall hold the water rights on behalf of BLM to be used indefinitely for maintenance of the Harper Lake wetlands in accordance with the Condition of Certification Bio-11.k.

ACKNOWLEDGED AND AGREED TO BY:



Thomas L. Hartman
Vice President
Luz Solar Partners LTD., VIII and IX
by Harper Lake Company VIII and
HLC IX Company,
their Managing General Partners

9/6/02

Date

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Juno Beach, FL 33408
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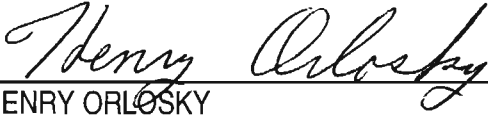
Tim Read, Field Manager
June 26, 2002
Page 3 of 3

ACKNOWLEDGED AND AGREED TO BY:

TERRENCE O'BRIEN
Deputy Director
California Energy Commission

Date

ACKNOWLEDGED AND AGREED TO BY:



HENRY ORLOSKY
President
Friends of Harper Lake, Inc



Date