

STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of

) Docket No. 80-AFC-1
)
)
)
)

SMUDGE # 1 Geothermal Power Project

PETITION FOR LICENSE TRANSFER
PURSUANT TO 20 C.C.R. § 1769(b)

Downey, Brand, Seymour & Rohwer LLP
Taylor O. Miller, Esq.
555 Capitol Mall, Tenth Floor
Sacramento, CA 95814-4686
Telephone: (916) 441-0131
Facsimile: (916) 441-4021

Sacramento Municipal Utility District
Steven M. Cohn, Esq., Senior Attorney
P.O. Box 15830
6201 S Street
Sacramento, CA 95852-1830
Telephone: (916) 732-5847
Facsimile: (916) 732-6581

June 2, 1998

DOWNEY, BRAND, SEYMOUR & ROHWER LLP
TAYLOR O. MILLER (Bar No. 75519)
555 Capitol Mall, Tenth Floor
Sacramento, CA 95814-4686
Telephone: (916) 441-0131
Facsimile: (916) 441-4021

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STEVEN M. COHN (Bar No. 88565)
P.O. Box 15830
6201 S Street
Sacramento, CA 95852-1830
Telephone: (916) 732-5847
Facsimile: (916) 732-6581

BEFORE THE STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of)	Docket No. 80-AFC-1
)	
SMUDGEO # 1 Geothermal Power Project)	Re: Petition to Transfer License
_____)	Pursuant to 20 C.C.R. § 1769(b)

June 2, 1998

1. The Sacramento Municipal Utility District ("SMUD"), Calpine Corporation, and Calpine Geysers Company, L.P. hereby petition the California Energy Resources Conservation and Development Commission (the "Commission") for a transfer of the Commission's license (80-AFC-1) for the SMUDGEO # 1 Power Plant Project (the "Project"). This petition is submitted pursuant to Title 20 of the California Code of Regulations, section 1769(b). SMUD is the current licensee. Calpine Geysers Company, L.P. will be the new licensee.
2. SMUD currently owns and operates the SMUDGEO # 1 Project. The Project is a 72 megawatt power plant powered by geothermal steam and located within "The Geysers"

Known Geothermal Resource Area in Sonoma County, California. Calpine Corporation, Calpine Geysers Company, L.P. (collectively "Calpine") and SMUD have entered into a Memorandum of Understanding, effective May 22, 1998, regarding the proposed sale of the Project by SMUD to Calpine. Calpine Geysers Company, L. P. is wholly owned by Calpine Corporation.

3. Upon execution of the definitive Purchase and Sale Agreement and closure of the transaction, Calpine Corporation will operate the Project. Calpine Geysers Company, L.P. will be responsible for compliance with the Commission's Conditions of Certification. The definitive Purchase and Sale Agreement is expected to be executed by June 23, 1998, with closing to occur on or about July 2, 1998.
4. A verified statement by the new owner, Calpine Geysers Company, L.P., affirming that the new owner understands the Conditions of Certification and will be responsible for compliance with those Conditions is attached hereto and incorporated herein as Exhibit A.
5. This Petition is contingent upon approval of the definitive Purchase and Sale Agreement by the SMUD Board of Directors and the Board of Directors or authorized officers of Calpine and execution and closure of said agreement and any related agreements between SMUD and Calpine. Petitioners request the Commission to issue an order which will be effective only upon further notification by the parties hereto that the transaction has been completed.
6. Calpine Corporation will operate the Project upon closure of the purchase transaction. Calpine Corporation currently expects to employ a majority of the current plant

management and operating personnel in its operations within the Geysers area, including the Project.

7. Calpine Corporation, based in San Jose, California, develops, leases, owns and operates independent power production facilities and geothermal steam fields. The company owns the rights to and operates five geothermal steam fields and two operating power plants in the Geysers area. The company also has an equity interest in and operates a third power plant and steam field in the Geysers area. Calpine Corporation is the second largest producer of geothermal energy in the United States. Calpine or its subsidiaries also lease, own, or operate six gas-fired co-generation plants in California. Calpine is well known to the Commission since Calpine owns and operates two other facilities under Commission license (the American 1 Co-Generation project located in King City and the Gilroy Foods Cogeneration Project) and is the applicant for a 500 megawatt gas-fired electrical generation project in Sutter County.

Based upon the foregoing and the attached verified statement by Larry R. Krumland, Vice President of Calpine Geysers Company, L.P., the undersigned respectfully request that the Commission approve this petition for transfer pursuant to Title 20, California Code of Regulations, section 1769(b).

Respectfully submitted,

FOR CALPINE CORPORATION AND CALPINE GEYSERS COMPANY, L.P.:

Downey, Brand, Seymour & Rohwer LLP

By: Taylor O. Miller
Taylor O. Miller

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: Steven M. Cohn
Steven M. Cohn, Senior Attorney

PETITION FOR TRANSFER OF SMUDGE # 1 PROJECT LICENSE
TO CALPINE GEYSERS COMPANY, L.P.

EXHIBIT A

DECLARATION OF LARRY R. KRUMLAND

BEFORE THE STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:)	Docket No. 80-AFC-1
)	
SMUDGEO # 1 Geothermal Power Project)	Re: Petition to Transfer License
<hr/>)	Pursuant to 20 C.C.R. §
		1769(b)

Declaration of Larry R. Krumland

I, Larry R. Krumland declare as follows:

1. I am the Vice President of Calpine Geysers Company, L.P. My primary place of business is 50 W. San Fernando Street, San Jose, California. I have personal knowledge of the facts stated in this declaration, and if requested will testify to those facts.
2. Calpine Corporation and Calpine Geysers Company, L.P. (collectively "Calpine") and the Sacramento Municipal Utility District ("SMUD") have entered into a Memorandum of Understanding, effective May 22, 1998, regarding the proposed sale of the SMUDGEO #1 Geothermal Power Plant ("the SMUDGEO Project") to Calpine. Calpine and SMUD expect to enter into a definitive Purchase and Sale Agreement, subject to SMUD Board approval and approved by Calpine, providing for the purchase and sale of the SMUDGEO Project. The parties currently expect to consummate the transaction on or about July 2, 1998. Calpine Geysers Company, L.P. will become the

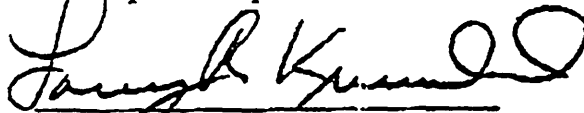
owner of the Project. Calpine Corporation will become the operator.

3. Upon closure of the transaction and approval by the Energy Resources Conservation and Development Commission ("the Commission") of the transfer of the Commission's license for the SMUDGE Project, Calpine Geysers Company, L.P. will become the licensee for the facility and will be the party responsible for compliance with the Commission's Conditions of Certification for the SMUDGE Project.
4. Calpine Geysers Company, L. P. understands the Conditions of Certification for the SMUDGE Project and agrees to comply with those conditions.

I declare under penalty of perjury under the laws of the State of California that the foregoing statements are true and correct to the best of my knowledge.

Executed this 2nd day of June, 1998 at San Jose, California.

Calpine Geysers Company, L.P. a Delaware
limited partnership



By: Larry R. Krumland, Vice President