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File No. 030137-0008

LATHAM & WATKINS LLP

September 19, 2007

VIA FEDEX

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 06-AFC-9
1516 Ninth Street, MS-4
Sacramento, California 95814-5512

DOCKET 06-AFC-9	
DATE	SEP 19 2007
RECD.	SEP 19 2007

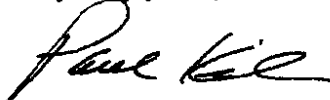
Re: Colusa Generating Station Project: Docket No. 06-AFC-9

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find Applicant's Supplemental Information related to the Water Agreement and Maxwell Fire Protection District.

Please note that the enclosed submittal was filed today via electronic mail to your attention and to all parties on the CEC's current electronic proof of service list.

Very truly yours,



Paul E. Kihm
Senior Paralegal

Enclosure

cc: CEC 06-AFC-9 Proof of Service List (w/ encl. via e-mail)
Michael J. Carroll, Esq. (w/ encl.)

**Supplemental Information
Related to the Water Agreement and Maxwell Fire Protection District**

September 19, 2007

Below is a response to information requested in the September 5, 2007 letter issued by the CEC. The responses to air quality data requests which were also requested in this CEC letter were docketed on September 14, 2007 under a separate cover.

(1) Documentation of the three party water transfer agreement between E&L Westcoast, County of Colusa and Glenn-Colusa Irrigation District

The draft water agreement is attached. This draft agreement will be considered for approval before the Glenn-Colusa Irrigation District Board of Supervisors on September 20, 2007 and Colusa County Board of Supervisors on October 2, 2007.

(2) Suggested mitigation measures as a result of further consultation between the Maxwell Fire Protection District and E&L Westcoast on issues related to the Colusa Generating Station project impacts to that fire protection district

In response to concerns expressed by the Maxwell Fire Protection District ("MFPD"), E&L Westcoast ("E&L") contacted several experts in the industry and were able to compile information on fires in plants similar in design to the Colusa Generating Station ("CGS"). E&L examined the safety record of over 1,000 combustion turbines during the last two years, and found only two examples of fires in power plants where a fire department was dispatched to the scene. No injuries resulted. There were only fourteen other fires that caused major damage. Major damage is defined as damage to the combustion turbine and other critical parts supplying fuel and lubrication. Of the fourteen major incidents, eleven used plant installed fire suppression systems to extinguish the flames. The two most common causes of fire in the combustion turbine were either electrical or hydraulic oil related. Other instances of fire include: lube oil leak fires, exhaust system fires, fuel fires, drain system fires and hydrogen fires. Recent design changes have eliminated causes of three of the sixteen major incidents. Additionally, the damage in three of the remaining major incidents was limited to the internal portion of the turbine housing.

E&L also spoke with a representative from General Electric, manufacturer of CGS's combustion turbines, and he mentioned that these units have one of the top safety records in the entire industry. The GE7FA turbine proposed for the CGS is widely regarded as the safest and most reliable combustion turbine on the market today. In all of the above cases of fires, no one was ever injured.

E&L will use a reputable engineering firm to design and construct the CGS. These facilities must adhere to strict building code regulations enforced from all levels of government. Power plants are designed using primarily non-flammable materials such as

steel and concrete. In addition, state of the art extinguishing systems installed throughout the plant decrease the probability of a fire burning out of control. These systems are monitored twenty-four hours a day by highly skilled plant operators. Regular maintenance checks ensure the reliability of the extinguishing systems if needed.

Based on the foregoing, E&L does not expect the CGS to have an adverse impact on the MFPD. Nevertheless, at the request of MFPD, E&L engaged the services of an expert chosen by MFPD to assess the potential impacts of the project on the MFPD. That expert, The McMullen Company, Inc., issued its report and recommendations on April 11, 2007. The report has been docketed. Recommendations made by The McMullen Company, and agreed to by E&L, include the following:

- Colusa Generating Station (CGS) provide for the cost of training MFPD firefighters on terrorism for first responders
- CGS provide for the cost of training fire responders to the level of Fire Responder Operational
- Obtain assurance from the County that appropriate fees derived from the CGS property taxes are appropriately disseminated to the MFPD
- Plans for fire apparatus access roads be submitted to the MFPD for review and approval
- Comply with specific fire safety measures during construction
- All plan review and onsite fire-related building and fire code inspections be conducted
- CGS and MFPD develop a Risk Management Plan
- CGS provide for the cost of training all MFPD first responders

E&L has offered the MFPD a one time payment of \$100,000 to implement the above recommendations or other measures the MFPD deems appropriate.

DRAFT

AGREEMENT FOR THE TRANSFER, CONVEYANCE AND DELIVERY OF WATER

This agreement ("Agreement") is made the ____ day of _____ 2007 by and between the Glenn-Colusa Irrigation District (herein referred to as "GCID"), the County of Colusa, California (herein referred to as "County") and E&L Westcoast, LLC (herein referred to as "E&L"), a Delaware limited liability company (collectively, along with their successors and assigns, the "Parties").

RECITALS

- A. GCID is a public agency located in Glenn and Colusa Counties, California, created and existing under the Irrigation District Law (Division 11 of the California Water Code, commencing with section 20500), and is empowered to transfer and sell its surplus water for use outside of its boundaries.
- B. GCID holds senior water rights to waters of the Sacramento River and other tributaries thereto, and these rights include but are not limited to the right to divert 825,000 AF of water per year from the Sacramento River pursuant to the "Contract Between the United States and Glenn-Colusa Irrigation District, Diverter of Water from Sacramento River Sources, Settling Water Rights Disputes and Providing for Project Water Service" (Contract No. 14-06-200-855A-R-1), as executed on February 28, 2005 (the "GCID Contract") with the U.S. Bureau of Reclamation ("USBR"). The GCID Contract entitles GCID to the delivery and diversion of 105,000 AF of Central Valley Project ("CVP") water ("Project Water") from USBR under Reclamation Law, and recognizes GCID's rights to divert 720,000 AF of so-called "base supply" water under GCID's own water rights. In addition, pursuant to GCID's agreement with the USBR entitled, "Cooperative Agreement Between the United States Bureau of Reclamation and the Glenn-Colusa Irrigation District For the Conveyance of Wildlife Refuge Water and Other Related Purposes," executed in March 1998 ("Conveyance Agreement"), GCID is authorized to divert, on an equal priority with other water delivery obligations of the USBR within the Tehama-Colusa Canal service area, up to 25,000 AF annually of GCID's supply at the Red Bluff Diversion Dam, for conveyance and delivery via the Tehama-Colusa Canal.

C. County is a public agency created and existing under Article XI Section I of the California Constitution, and holds a contractual entitlement to CVP Project Water delivered via the Tehama-Colusa Canal, in accordance with that certain "Long-Term Renewal Contract Between the United States and the County of Colusa Providing for Project Water Service from the Sacramento River Division," Contract No. 14-06-200-8310A-LTR1, as executed on March 1, 2005 with the USBR (the "County Contract"). County is authorized to acquire, exchange, transfer and deliver CVP Project Water pursuant to the County Contract. The CVP Project Water diverted pursuant to the County Contract is used within the service area of the CVP, and specifically includes municipal and industrial ("M&I") uses of water as authorized purposes of use thereunder, which include, among other things, the use of water for construction, operation and maintenance of an electric power plant.

D. E&L is in the business of constructing, owning, operating and maintaining electric power plants. E&L is in the process of seeking a license from the California Energy Commission (herein referred to as the "CEC") for the construction, operation and maintenance of a 660 mega-watt power plant proposed to be constructed near the town of Maxwell in Colusa County, California (herein referred to as the "Power Plant"). The Power Plant will be located within the authorized place of use for Project Water under the County Contract. E&L's use of water at the Power Plant will be for M&I purposes, which is an authorized use under the County Contract.

E. E&L's Power Plant will require a maximum of 180 AF of water per year. E&L desires to enter into a contract with GCID and County to provide such water supply for a period of 30 years for the plant operation. The period for the use of water may be extended if E&L subsequently exercises its options to extend pursuant to Paragraph 7(B).

F. GCID has determined that, subject to the terms and conditions set forth in this Agreement, GCID is willing and able to sell to E&L, or E&L's successors and assigns, up to 180 AF annually of GCID's CVP Project Water supply, or, if GCID's CVP Project Water cannot be made available as anticipated under this Agreement, other surplus water available to GCID under its existing water rights, for use at the Power Plant.

G. In order to effectuate GCID's sale of Project Water to E&L for use at the Power Plant, GCID, the County and E&L are entering into this Agreement, which sets forth the terms and

conditions under which GCID will transfer to the County up to 180 AF annually of GCID's Project Water for the County's delivery to E&L and for E&L's payments for the water supply. In addition, if GCID's CVP Project Water cannot be made available as anticipated under this Agreement, this Agreement sets forth the terms and conditions under which GCID will sell and deliver to E&L, and E&L will purchase and receive from GCID, up to 180 AF annually of other water available to GCID under GCID's water rights.

Now, therefore, in consideration of the mutual covenants contained herein and for other valuable mutual consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Recitals Incorporated.** The truth and accuracy of the foregoing recitals are hereby acknowledged by the Parties, and the recitals are incorporated herein by this reference and made a part hereof for all purposes.
2. **Definitions.** In addition to the words and terms elsewhere defined herein, the following words and terms as used herein shall have the following meanings unless the context or use clearly indicates another or different meaning:

"Adjustment Date" means the day on which the Water Multiplier shall be adjusted annually, commencing on January 1 of the first calendar year following the date first written above, and occurring annually thereafter on each January 1 during the term of this Agreement.

"Adjustment Factor" means, as of any Adjustment Date, the portion of the Water Multiplier attributable to Water Premium Charges shall be increased by a fraction the numerator of which is the Index figure stated in the Index for the month in which the Adjustment Date occurs (or the most recent available Index if the Index for the month in which the Adjustment Date occurs is not available), and denominator of which is the Index figure stated in the Index in effect on the first Adjustment Date that occurs under this Agreement (in the case of the first adjustment hereunder), or the Index figure in the Index used for the immediately preceding Adjustment Date (in the case of each adjustment thereafter). In addition, any increase in the USBR charges directly

attributable to the water transferred shall be passed through and additive to the Water Premium Charges.

“AF” means acre-feet.

“Base Purchase Payment” means, in the first year that water is delivered hereunder, the amount of \$39,000, plus any adjustment by the Adjustment Factor, for water usage up to and including 130 AF. Each year after the date first written above, the Base Purchase Payment shall be calculated by multiplying the Base Purchase Payment by the Adjustment Factor.

“Commencement Notice” means the written request described in Article 6 which is delivered by E&L to GCID requesting the commencement of the delivery of water pursuant to the terms of this Agreement.

“Commercial Operation Date” means the date on which the Power Plant first enters Commercial Operations.

“Commercial Operations” means the production of electricity from the Power Plant after E&L successfully completes all start-up testing.

“Conveyance Agreement” shall mean the “Cooperative Agreement Between the United States Bureau of Reclamation and the Glenn-Colusa Irrigation District for the Conveyance of Wildlife Refuge Water and Other Related Purposes,” executed on September 30, 1998, and any successor contract thereto.

“County Contract” shall mean the “Long-Term Renewal Contract Between the United States and the County of Colusa Providing for Project Water Service from the Sacramento River Division,” Contract No. 14-06-200-8310A-LTR1, as executed on March 1, 2005, and any successor interim renewal or long-term renewal contract thereto.

“Excess Water” means the amount of acre feet of water in excess of 130 AF delivered to E&L during any calendar year.

“Extension Term” means a 10-year term of this Agreement commencing on the first day immediately following the expiration of the Primary Term or a prior Extension Term, as the case may be.

“Financing” shall mean each and every construction, interim and long-term debt and/or equity financing and/or refinancing and/or credit support relating, on any such case, to all or a portion of the development, construction or operation of the Project.

“Financing Documents” shall mean any and all loan agreements, notes, indentures, security agreements, subordination agreements, mortgages, debentures, assignments, deeds of trust, subscription agreements, participation agreements, reimbursement agreements, leases, trust indentures and other documents of relevance to any Financing.

“GCID Contract” shall mean the “Contract Between the United States and Glenn-Colusa Irrigation District, Diverter of Water From Sacramento River Sources, Settling Water Rights Disputes and Providing for Project Water Service” (Contract No. 14-06-200-855A-R-1), as executed on February 28, 2005, and any successor interim renewal or long-term renewal contract thereto.

“Index” means the Consumer Price Index for All Urban Consumers (CPI-U; U.S. City Average, All Items 1982-84 = 100) published by the Bureau of Statistics of the United States Department of Labor or, if such Index is discontinued, comparable statistics of changes in the purchasing power of the consumer dollar for the applicable periods, as published by a responsible financial periodical report of a federal, state, local, or other governmental body or agency or private authority then generally recognized for such purposes, as agreed upon between the Parties.

“Lenders” shall mean the persons (or any agent of or trustee for, such persons) who agree to provide any financing on the terms and subject to the conditions of the Financing Documents.

“OM&R Agreement” means that certain USBR Amendment to Agreement to Transfer the Operation, Maintenance and Replacement and Certain Financial and Administrative

Activities, dated September 27, 1996, entered into by and between United States Bureau of Reclamation and the Tehama-Colusa Canal Authority.

“Project Water” shall mean Central Valley Project water made available by the United States Bureau of Reclamation pursuant to Reclamation Law.

“Reclamation Law” means generally the policy, rules and regulations codified at federal statutes located in Chapters 12-15, 32-32B and 40 of Title 43, United States Code; uncodified federal statutes relating to reclamation of public lands and distribution of water through federally owned facilities, together with the federal regulations supplementing and interpreting those statutes, including, but not limited to 43 CFR Subtitle B.

“Supplemental Purchase Price” means the product of: (a) the then current year’s Excess Water and (b) the then current year’s Water Multiplier.

“Water Multiplier” means \$300 per AF of water, as adjusted on the Adjustment Date by the Adjustment Factor. The \$300 includes Water Premium Charges of \$270.59 plus the amount that GCID pays to USBR directly attributable to the water transferred, currently \$29.41 per AF.

“Water Premium Charges” means the amount that GCID shall charge to E&L for the cost of water as a provided resource under this Agreement, which is \$270.59 per AF as of the date first written above, and as indexed in subsequent years in accordance with the terms of this Agreement.

3. Water To Be Sold and Transferred. Each year during the term of this Agreement, as the same may be extended in accordance with the provisions hereof, GCID shall sell and E&L shall purchase 130 AF of water annually and GCID shall make available for sale and delivery up to an additional 50 AF annually of Excess Water for purchase by E&L, subject to the water shortage provisions set forth in Article 9A of this Agreement. GCID’s Project Water shall be the preferred source of water sold by GCID to E&L under this Agreement. If GCID is unable to obtain or, due to reasons beyond GCID and/or the County’s control, loses the rights, permits and/or approvals necessary to transfer Project Water to the County and sell to E&L as anticipated

by this Agreement, then GCID shall transfer to the County and sell to E&L other water available to GCID under GCID's existing water rights.

4. Delivery Conditions, Measurement and Point of Delivery.

A. GCID, as authorized under the Conveyance Agreement, shall arrange for the diversion and conveyance of up to 180 AF annually as required by Commercial Operations of Project Water at the Red Bluff Diversion Dam, and convey such water via the Tehama-Colusa Canal for transfer and delivery to the County at milepost 63.273L. Upon delivery of the water to the County, the water shall be deemed transferred to the County, and the County shall immediately deliver said water to E&L, at the same delivery point, for E&L's use at the Power Plant. The Project Water transferred to the County and sold to E&L by GCID shall be considered and deemed by GCID as within the first 25,000 AF of water that GCID is authorized to divert and convey on a priority basis under the Conveyance Agreement.

B. GCID shall arrange for a meter to be installed at the point in the Tehama-Colusa Canal (estimated milepost 63.273L) at which the Project Water is transferred to the County and delivered by the County to E&L for E&L's use at the Power Plant. It is the Parties' understanding that said meter will be read monthly by the Tehama Colusa Canal Authority ("TCCA"), in order to determine the actual quantity of water transferred to the County and delivered by the County to E&L during the preceding month. Upon such determination, GCID shall prepare or cause to be prepared a monthly statement of the actual quantities of water transferred each month, and GCID shall promptly forward copies of such reports to E&L and the County. Said metering equipment shall meet the requirements of the TCCA and USBR, and shall be mutually agreed to by the Parties. Said meter shall be owned, installed, and maintained by GCID or its authorized agent, and the Parties shall provide the TCCA necessary access to such meter at any time during regular business hours for the purposes of reading the meter. GCID shall invoice E&L, and E&L shall pay GCID, for all reasonable and necessary charges and costs incurred by GCID for purchasing, installing, maintaining and reading said meter. Any Party to this Agreement may request a test if it has good cause to believe that said meter is not registering accurately. GCID shall promptly thereafter perform such test. Any Party shall be entitled to reasonable advance notice of any test to said meter and shall have the right to be

present at any test of said meter. If said meter is found to be inaccurate by more than plus or minus 5%, it shall be immediately repaired or replaced by GCID at E&L's expense. In order to agree upon appropriate charges for the period of such inaccuracy, the Parties shall meet and confer in good faith regarding the quantity of water transferred and delivered to E&L hereunder. The Parties shall consider past periods of similar operation and any relevant operating data.

C. If GCID is unable to obtain or, due to reasons beyond GCID and/or the County's control, loses the rights, permits and/or approvals necessary to transfer Project Water to the County and sell to E&L as anticipated by this Agreement, then GCID shall sell to E&L, and E&L shall buy and receive from GCID, 130 AF annually of other water available to GCID under GCID's water rights, and GCID shall make available for sale up to an additional 50 AF of Excess Water annually to E&L. The methods, source and means of delivery of such other water shall be negotiated in good faith by GCID and E&L, and shall be performed in accordance with terms and conditions mutually agreed upon by GCID and E&L. E&L shall reimburse GCID for all reasonable and necessary expenses incurred by GCID in conveying and delivering other water available to GCID under GCID's water rights, provided that the Water Multiplier for such other water supplied shall be as set forth in Article 5, below. Additionally, GCID covenants and agrees that the sale of water by GCID to E&L for use at the Power Plant shall continue uninterrupted during any conversion from Project Water as the source of water sold hereunder; provided, however, that E&L shall reimburse GCID for all reasonable and necessary expenses incurred by GCID in conveying and delivering other water available to GCID under GCID's other water rights.

D. Water shall be deemed transferred to the County when it is diverted from the Tehama-Colusa Canal, and at all times thereafter shall be deemed to be owned by and in the possession of E&L when the water passes through the meter at Canal milepost 63.273L on the Tehama-Colusa Canal.

5. Payments.

A. In recognition that GCID is willing to make water available to E&L at any time that E&L determines, upon commencement of construction of E&L's Power Plant or on January 1, 2009, whichever occurs earlier, E&L agrees to make an annual payment to GCID in an amount

equal to fifty-percent (50%) of the Base Purchase Payment, plus any Adjustment Factor. E&L shall continue to make these annual payments to GCID in accordance with this provision up until and including the year immediately preceding the year in which E&L delivers the Commencement Notice. GCID shall issue invoices to E&L for these payments.

B. Upon delivery of the Commencement Notice, E&L shall pay GCID the Base Purchase Payment prorated to reflect the remaining months in the calendar year that the Commencement Notice is delivered to a full 12-month calendar year. Every year thereafter, GCID shall invoice E&L after December 31 for the then current year.

C. The Base Purchase Payment and the Supplemental Purchase Price will be adjusted annually on the Adjustment Date by the Adjustment Factor.

D. At the end of each calendar year during the term hereof, GCID shall calculate the total quantity of water actually delivered to E&L. If the actual amount of water delivered to E&L during such year includes Excess Water, then GCID shall invoice E&L after December 31 for the Excess Water at the applicable Supplemental Purchase Price for the year the Excess Water was delivered.

E. Upon commencement of water deliveries to the Power Plant pursuant to this Agreement and on January 15 of each year thereafter, E&L shall pay directly to the County a flat rate payment of \$1,000 as compensation for the County's administration of this Agreement. The County shall timely invoice E&L for these flat rate payments. If all of the water sold by GCID to E&L in any given year is from sources other than Project Water, then no payment of the administrative fee to the County shall be due or payable.

F. In addition to paying the Base Purchase Payment and the Supplemental Purchase Price for water sold and delivered hereunder, E&L shall also reimburse GCID for any and all reasonable and necessary fees and charges from the TCCA, or its successor, and any other parties which relate to the diversion, conveyance, transfer and delivery of the water to E&L under terms of this Agreement; provided, however, that such additional fees and charges shall not include GCID's payments to the USBR of rates and charges for Project Water diverted under the GCID Contract and delivered to E&L hereunder. At the end of each year during the term

hereof, GCID shall calculate the total amount of such additional fees and charges, and shall invoice E&L for such amounts after December 31. The invoice shall include details of such fees and charges.

G. All GCID and County invoices under this Agreement shall be due and payable within 30 days of the date the invoice is sent to E&L. Delinquent payments shall bear interest at the rate of 1% per month until paid in full.

H. GCID is under no obligation to transfer and sell, and the County is under no obligation to deliver, water under this Agreement if E&L fails to pay, within 30 days after it becomes due, any amounts owing by E&L under this Agreement, and such failure continues for 30 days after written notice from GCID to E&L.

6. Commencement of Water Deliveries. Water deliveries under this Agreement shall commence 30 days after E&L delivers the Commencement Notice to GCID. It is currently anticipated that E&L shall deliver the Commencement Notice to GCID between June and December of 2010. The Parties agree that, prior to Commercial Operation Date, E&L shall obtain a supply of water during construction of the Power Plant from GCID under GCID's established rates and terms for construction water.

7. Term.

A. Primary Term. The Primary Term of this Agreement shall commence as of the date first above written, and shall terminate 30 years after the Commencement Notice, unless terminated earlier in accordance with the provisions hereof.

B. Extension Options. E&L shall have the option to extend the Primary Term for one or both of two successive 10-year periods (each, an "Extension Term"). Each Extension Term shall commence on the first day immediately following the expiration of the Primary Term or the first Extension Term, as the case may be. E&L shall exercise its option under this Paragraph 7(B) by giving GCID and the County written notification of exercise at least 360 days before the expiration of the Primary Term (to extend for the first Extension Term) and at least 360 days before the expiration of the first Extension Term (to extend for the second Extension Term), whichever is applicable, and upon E&L's tender with such written notification an option

payment to GCID in the amount of \$50,000. Each Extension Term shall be upon all of the same terms and conditions as this Agreement, with the exception of the Water Premium portion of the Water Multiplier for water sold and delivered under this Agreement, and any other conditions that are necessary in order to comply with applicable law governing the Parties' performance under this Agreement; provided, further, that each Extension Term shall be subject to and contingent upon GCID renewing its GCID Contract, in accordance with the contract renewal terms stated therein, and applicable state and federal law.

8. Diversion of Water. As long as GCID is arranging for the delivery of water under this Agreement to E&L via the Tehama-Colusa Canal, E&L shall, subject to the terms of the Conveyance Agreement, have the right to divert quantities of water at any time and in such quantities as E&L requires to operate the Power Plant, provided that in no event shall water diverted exceed 180 AF in any calendar year.

9. Water Shortages.

A. Interruptions to Service. GCID and the County shall not be responsible for interruptions to or reductions in deliveries of water under this Agreement, due to system failures, accidents, operations and maintenance of the Tehama-Colusa Canal or Red Bluff Diversion facilities, or due to other reasons beyond the control of GCID and/or the County. The Parties recognize the existence of the Conveyance Agreement and the OM&R Agreement. The Parties recognize that the TCCA will make every reasonable effort to make water available to the Power Plant site. Upon any such interruption to or reduction in deliveries of water under this Agreement caused by the matters set forth in this Paragraph 9(A), GCID agrees to use every reasonable effort to the extent economically feasible, to arrange for water to be sold and delivered by GCID to E&L from other water sources available to GCID during the period of such interruption.

B. E&L's Responsibility. During any period in which deliveries of water under this Agreement are excused under Paragraph 9(A), E&L shall be solely responsible for obtaining an alternative supply of water to meet the needs of the Power Plant, and no liability shall accrue against GCID and the County or any of its directors, supervisors, officers, agents or employees for any damage, direct or indirect, which arises from such shortages.

10. Water Quality. Neither GCID nor the County shall be responsible for the quality of water delivered to E&L under this Agreement, nor do they warrant that the water quality will be suitable or appropriate for its intended use by E&L. The County and GCID shall not be responsible for treating the water prior to delivery to E&L.

11. Obligations Upon Delivery of Water to E&L. Once GCID transfers to the County and the County delivers the water to E&L at the point of delivery as set forth in Article 4, above, neither GCID nor the County, their directors, officers, agents, supervisors or employees shall be liable for the use, control, distribution or disposal of the water. Notwithstanding the general indemnity provisions below in Paragraph 18(M), E&L shall indemnify and hold harmless GCID and the County, and their respective directors, officers, agents, supervisors and employees from any damage or claim of damage which arises from E&L's use, control, distribution and/or disposal of the water delivered under this Agreement.

12. Conditions For Delivery of Project Water.

A. USBR Approval. The transfer of Project Water hereunder requires the approval of USBR. GCID shall obtain all necessary approvals required of the USBR to effectuate the transfer of Project Water to the County, including compliance with all applicable state and federal environmental laws. The accomplishment of this contingency will be evidenced by the USBR approval of the Project Water transfer request submitted by the GCID to the USBR on _____, 2007, or any other approval satisfactory to the Parties. GCID shall proceed with obtaining the USBR's approval in as diligent and efficient manner as is feasible in order to provide for the sale and delivery of Project Water to E&L by Spring, 2010. GCID shall keep the other parties informed as to the progress of obtaining the USBR's approval. The remaining Parties shall provide assistance and cooperation as may be reasonably necessary to ensure the success of obtaining the USBR's approval. If the USBR does not approve the transfer of Project Water hereunder, GCID shall obtain any other necessary approvals, permits and authorizations that may be required from any and all federal, state and local agencies with regulatory approval authority over GCID's sale and delivery of other water supplies to E&L in order to provide for the sale and delivery of such other water to E&L by Spring, 2010.

B. Other Approvals. E&L shall acquire all other necessary permits, authorizations and regulatory approvals from any and all state, federal and local agencies with jurisdiction over the Power Plant, including but not limited to the CEC and the County.

C. Reimbursement of Costs By E&L. In addition to any reimbursable costs and expenses that E&L is obligated to pay pursuant to the Reimbursement Agreement between E&L and GCID dated July 11, 2006, E&L shall reimburse GCID and the County for all reasonable and necessary engineering, legal, environmental, agency approval costs and other out-of-pocket expenses that GCID and the County incur in fulfilling their obligations to deliver water to E&L under this Agreement, including any reasonable and necessary costs to deliver and convey water supplies available under GCID's other water rights in the event that Project Water is not available or approved for delivery to E&L. E&L shall reimburse such costs within thirty days after GCID and the County submit an invoice to E&L for such costs.

13. Representations and Warranties.

A. Representations and Warranties of E&L. E&L hereby represents and warrants to GCID and County as of the date of this Agreement as follows:

1. E&L is a limited liability company formed in the State of Delaware and qualified to do business in the State of California;
2. All corporate actions required to authorize the execution, delivery and performance by E&L of this Agreement and the transactions contemplated hereby and thereby have been taken;
3. This Agreement constitutes the valid, legal and binding obligation of E&L enforceable in accordance with the terms hereof or thereof except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws;
4. The execution, delivery and performance by E&L of this Agreement will not contravene any provision of, or constitute a material default under, any other

agreement or instrument to which it is a party or by which it or its property may be bound; and

5. There are no actions, suits or proceedings pending or, to E&L's best knowledge, threatened, against or affecting E&L before any court, administrative body or arbitral tribunal that might materially and adversely affect the ability of E&L to perform its obligations under this Agreement.

B. Representations and Warranties of GCID and County. GCID and County each hereby represents and warrants to E&L as of the date of this Agreement as follows:

1. All governmental actions required to authorize the execution, delivery and performance by GCID and County of this Agreement and the transactions contemplated hereby and thereby have been taken except to the extent of actions which by the terms hereof or thereof are to be taken at a later time;
2. This Agreement constitutes a valid, legal and binding obligation of GCID and County enforceable in accordance with the terms hereof or thereof except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws;
3. The execution, delivery and performance by GCID and County of this Agreement will not contravene any provision of, or constitute a material default under, any other agreement or instrument to which it is a party or by which it or its property may be bound;
4. There are no actions, suits or proceedings pending or, to GCID's and County's best knowledge, threatened, against or affecting GCID and County before any court, administrative body or arbitral tribunal that might materially and adversely affect the ability of GCID and County to perform its obligations under this Agreement; and

5. GCID and County each are legally empowered and authorized pursuant to all laws, to commit to and undertake its covenants herein, and has adhered to and complied with all requirements of law to be bound by this Agreement.

14. Further Assurances. Each of the Parties hereto shall execute and deliver any and all additional documents or instruments, in recordable form, and provide other assurances, obtain any additional approvals required, and shall do any and all acts and things reasonably necessary, to carry out the intent of the Parties hereto and to confirm the continued effectiveness of this Agreement. At E&L's request, GCID and County will each provide an opinion of its counsel certifying the proper execution and delivery of the agreement and stating their opinion as to whether the agreement is binding obligation of their agency.

15. Default, Termination and Remedies.

A. The failure of either Party to perform any material term of this Agreement, which failure is within that Party's reasonable control or assumption of responsibility under this Agreement, and which has a material adverse effect on the other Party, shall constitute an event of default. Without limiting the remedies allowed by law except as otherwise limited herein, and an event of default occurs, the non-defaulting Party shall have the right to terminate this Agreement by providing such written notice to the defaulting Party; which termination shall be effective, unless said event of default is cured within a period of thirty (30) days of receipt of such notice.

B. Notwithstanding any provision of this Agreement to the contrary, it is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies existing at law or in equity may be availed of by all Parties hereto and shall be cumulative. Recognizing, however, that failure in the performance of GCID's or the County's obligations hereunder could not be adequately compensated in money damages alone, the Parties agree that in the event of default by GCID or the County, then E&L shall have available to it the equitable remedy of mandamus and specific performance, in addition to any other legal or equitable remedies which also may be available.

C. Prior to delivery of the Commencement Notice, E&L may terminate this Agreement in its sole election, at any time and for any reason, upon delivery of written notice to GCID, without recourse or liability of any kind against E&L; provided, however, that in the event of the election of such termination by E&L, E&L shall reimburse GCID and County for all reasonable and necessary expenses, including attorneys fees, engineering and staff costs incurred by GCID and County up to the point of such termination, in furtherance of their obligations under this Agreement. Following delivery of the Commencement Notice, this Agreement may be terminated by E&L subject to the following terms and conditions: (1) if the Power Plant shuts down and ceases operations, E&L may terminate this Agreement upon delivery of written notice to GCID, and such termination shall be effective upon receipt of such written notice, but E&L's obligations for any payments due for water sold or delivered under this Agreement shall survive any such termination; (2) if the Power Plant continues operating, E&L may terminate this Agreement upon delivery of written notice to the other Parties, but such termination shall be limited to circumstances where the County or GCID have taken actions that materially alter terms and conditions of this Agreement, such as, but not limited to: (i) passing through to E&L, the USBR and/or TCCA costs pursuant to this agreement, and either of such costs have escalated more than 15% per year based upon a rolling five-year average beginning with the issuance of the Commencement Notice; (ii) GCID substituting other GCID water, pursuant to the terms of this Agreement, at costs at least 200% higher than the amount previously paid for Project Water during the immediately preceding year; or (iii) declaration of water shortages pursuant to Section 9 of this Agreement that the parties reasonably determine will exceed twelve months in duration, and an alternative source is not available as described in Section 4C. Such termination shall be effective upon receipt of written notice, but E&L's obligations for any payments due for water sold or delivered under this Agreement shall survive any such termination.

16. Non-Recourse. GCID and County understand and agree that E&L is a limited liability company and that GCID and County shall have no recourse against any affiliate or member of E&L (other than E&L). GCID's and County's sole recourse shall be against E&L as a limited liability company, or any successor in interest thereto. No claim shall be made against any member in E&L in connection with this Agreement, except that the members may be joined as nominal parties for the purpose of enforcing E&L's rights hereunder, and GCID shall have no

right to any claim against E&L for any capital contribution from any member in E&L. The rights and obligations of this Section shall survive the termination of this Agreement.

17. Water Rights Not Affected. No transfer of water pursuant to this Agreement shall confer any appropriative, public trust or other right to water on any person or entity, while recognizing the water rights of the County of Colusa, as a Central Valley Project contractor and participant in this water transfer. Nothing in this Agreement shall act as a forfeiture, diminution or impairment of any rights of GCID to its full deliveries of water after the expiration of the Agreement, and shall in no way prejudice any of GCID's rights thereto. Consistent with the provisions of California Water Code sections 109, 475, 1011, 1244 and 11961, the Parties agree that no transfers under this Agreement, nor the Agreement itself, is evidence of the availability of surplus water beyond the term of the Agreement, nor any evidence of lack of beneficial use of the water involved in the transfer, and they shall not contend otherwise. The only rights granted to the Parties as a result of this Agreement are those expressly set forth herein.

18. Miscellaneous.

A. Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

B. Severability. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

C. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California.

D. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, either oral or written, that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

E. Construction and Interpretation. It is agreed and acknowledged by the Parties that this Agreement has been arrived at through negotiation, and that each Party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that ambiguities are to be resolved against the drafting Party shall not apply in construing or interpreting this Agreement.

F. Remedies Not Exclusive. The remedies provided in this Agreement are cumulative and not exclusive, and are in addition to any other remedies that may be provided by law or equity. The exercise by any Party of any remedy under this Agreement shall be without prejudice to the enforcement of any other remedy.

G. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by the Parties.

H. Time. Time is of the essence in the performance of each and every term of this Agreement.

I. Notice. Any notice, request, tender, demand, delivery, approval or other communication provided for, required or arising under this Agreement shall be in writing and shall be deemed delivered upon personal service or three business days after deposit in the United States mail, certified or with return receipt requested, addressed to the Party as follows, or such other address as a Party may by notice under this Paragraph 18(J) designate:

TO: GCID
Thaddeus L. Bettner
P.O. Box 150
Willows, CA 95988

TO: COUNTY
[Name]
1213 Market Street
Colusa, CA 95932

cc: Andy Hitchings
Somach, Simmons & Dunn
813 Sixth Street, Third Floor
Sacramento, CA 95814

cc: Henry Rodegerdts
Colusa County Counsel
1213 Market Street
Colusa, CA 95932

TO: E&L
Attn: Andrew Welch
c/o Competitive Power Ventures
8403 Colesville Rd., STE 915
Silver Spring, MD 20910

J. Counterparts. This Agreement may be executed in any number of counterparts, all of which, when taken together, shall constitute but one and the same instrument. Each Party shall deliver to the others a fully conformed counterpart.

K. Survival of Obligations. The obligations of the Parties incurred pursuant to this Agreement prior to its termination shall survive such termination.

L. General Indemnity. Except for GCID or County's gross negligence and/or breach of this Agreement, E&L shall indemnify, protect, defend and hold harmless GCID or County from any loss, claim or cause of action arising out of this Agreement. In the event of GCID and/or the County's gross negligence and/or breach of this Agreement, GCID and/or the County shall indemnify, protect, defend and hold harmless E&L from any loss, claim or cause of action arising out of this Agreement

M. No Third Party Beneficiaries. This Agreement shall not be construed to create any third party beneficiaries. This Agreement is for the sole benefit of the Parties, their respective successors and permitted transferees and assigns, and not other person or entity shall be entitled to rely upon or receive any benefit from this Agreement or any of its terms.

N. Waivers. The failure of either Party to insist in any one or more instance upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement, shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

O. Confidentiality.

(i) In the course of the performance of their obligations under this Agreement, the Parties may share confidential information or proprietary information. The receiving Party of any non-public information from the other Party that is marked confidential shall not disclose such information to third parties unless required by court order (or other legal requirement) or unless such information enters the public domain other than at the instigation of

the receiving Party. The rights and obligations of this Section shall survive the termination of this Agreement.

(ii) The Parties acknowledge the County and GCID are public entities which fall within the provisions of the Public Records Act (Govt. Code section 6250 et seq.) and the Brown Act (Govt. Code section 54950 et seq.) which require the disclosure of documents under specified requirements. If pursuant to subpoena, Public Records Act request, or otherwise, disclosure of information deemed confidential under this agreement, is sought by compulsion of law, the party seeking disclosure or against whom such compelled disclosure is directed shall promptly provide all parties hereto and their counsel sufficient notice in advance of such proposed disclosure to enable them to be heard or to otherwise respond to any such request.

P. Assignment. This Agreement shall inure to the benefit of and shall be binding upon GCID, County, and E&L and their respective successors and assigns. E&L, without the consent of either GCID or County, may assign, convey, pledge, transfer or otherwise encumber this Agreement and/or any or all of its rights, interests and obligations arising under this Agreement to any entity that is a successor in interest to E&L with respect to the Power Plant and/or the Site Lease, or to any Party in connection with a Financing of the Power Plant (and, in such case, the liability of E&L's lender, designee, lessee, or, purchaser, as the case may be, shall be limited to the extent of its right, title and interest in and to the Power Plant). The execution of any Financing Documents, or the foreclosure thereof, or any sale of the Power Plant thereunder, either by judicial proceedings or by virtue of any power reserved in such Financing Documents or at law, or the exercising of any right, power or privilege reserved in any Financing Documents, shall not be held as a violation of any of the terms and conditions hereof (and is hereby expressly permitted by GCID and County), or as an assumption by the Lenders personally of the obligation of this Agreement (in such case, the liability of such Lender shall be limited to the extent of its right, title and interest in and to the Power Plant). Except as provided above, no assignment of this Agreement or of any Party's rights, interests or obligations hereunder may be made without the other Party's consent, which shall not be unreasonably withheld, delayed or conditioned. E&L's Lenders, at any time and in their sole discretion, subject to compliance with all applicable laws, shall be entitled to further transfer or assign E&L's interests, rights and obligations under this Agreement to a responsible and respectable assignee or, upon the occurrence of a E&L event of default under any Financing Documents.

The foregoing is agreed to by the Parties hereto.

Date:

County of Colusa

Mark D. Marshall, Chairman Board of
Supervisors

Approved as to form

By:

Henry Rodegerdts, County Counsel

Date:

Glenn-Colusa Irrigation District

Thaddeus L. Bettner,
General Manager

Approved as to form

By:

Andrew Hitchings, District Counsel

Date:

E&L Westcoast, LLC

By: _____
Name: _____
Title: _____

**STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

In the Matter of:)	Docket No. 06-AFC-9
)	
Application for Certification,)	ELECTRONIC PROOF OF SERVICE
for the COLUSA GENERATING STATION)	LIST
by E&L Westcoast, LLC)	
)	(revised August 22, 2007)
)	
)	

Transmission via electronic mail and by depositing one original signed document with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the following:

DOCKET UNIT

CALIFORNIA ENERGY COMMISSION

Attn: DOCKET NO. 06-AFC-9
1516 Ninth Street, MS-4
Sacramento, California 95814-5512
docket@energy.state.ca.us

Transmission via electronic mail addressed to the following:

APPLICANT

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APPLICANT'S CONSULTANTS

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dale_shileikis@urscorp.com

COLUSA GENERATING STATION PROJECT
CEC Docket No. 06-AFC-9

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COLUSA GENERATING STATION PROJECT
CEC Docket No. 06-AFC-9

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GalatiBlek LLP
555 Capitol Mall, Suite 600
Sacramento, CA 95814
sgalati@gb-llp.com
dwiseman@gb-llp.com

Pacific Gas and Electricity Company
c/o Andrea Grenier
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COLUSA GENERATING STATION PROJECT
CEC Docket No. 06-AFC-9

Dick Ratliff
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Public Adviser
pao@energy.state.ca.us

DECLARATION OF SERVICE

I, Paul Kihm, declare that on September 19, 2007, I deposited a copy of the attached:

APPLICANT'S SUPPLEMENTAL INFORMATION RELATED TO THE WATER AGREEMENT AND MAXWELL FIRE PROTECTION DISTRICT

with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the California Energy Commission. I further declare that 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. Executed on September 19, 2007, at Costa Mesa, California.



Paul Kihm