

DEPARTMENT OF WATER RESOURCES

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November 10, 2009

Randall Fong
 High Valley Preservation Committee
 PO Box 332
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DOCKET

79-AFC-4C

DATE NOV 10 2009

RECD NOV 17 2009

David Coleman
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High Valley Preservation Question Re Bottle Rock Facilities

You have raised a number of questions regarding the operation of the Bottle Rock Power facilities and the validity of the Bottle Rock purchase agreement.

The Department of Water Resources is not a regulatory agency and has no regulatory authority over Bottle Rock Power LLC. The Department's relationship with Bottle Rock LLC is through the "Purchase Agreement for Bottle Rock Power Plant and assignment of the Geothermal Steam Lease", dated April 5, 2001. This is a valid agreement with Bottle Rock LLC and has not been invalidated by the various stock transfers resulting in changes in the ownership of the corporation.

DWR's involvement in Bottle Rock is limited to terms of our Agreement. A five million dollar security bond is in force and will remain in force. The Department is currently pursuing an increase in the amount of the bond pursuant to the terms of the purchase agreement. The bond is designed to provide assurance of proper decommissioning of the facilities when operation of the facilities is terminated.

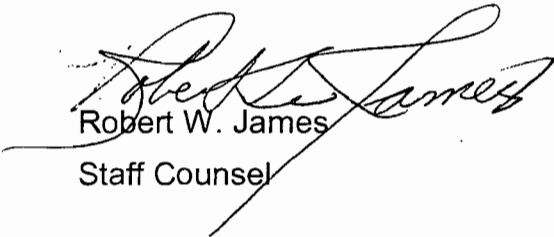
In addition, under Agreement, a ten million dollar environmental insurance policy is in force. This policy is designed to protect the Department of Water Resources against liability for environmental damage.

The Department has conveyed all of its interests in High Valley Road to Bottle Rock Power. That deed is recorded in Lake County, a copy of which is enclosed.

DWR has no ability to address your complaints about the current operation of the facilities. You may wish to discuss your concerns with the management at Bottle Rock Power LLC.

If you have any questions regarding this matter please call Marie Buric at
(916) 653-7570.

Sincerely



Robert W. James
Staff Counsel

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