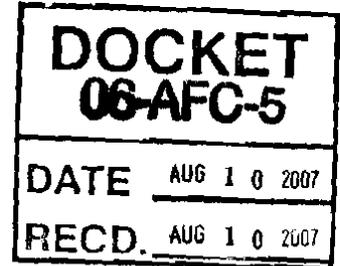


BEFORE THE CALIFORNIA ENERGY COMMISSION
STATE OF CALIFORNIA

In the Matter of:)
)
Application for Certification of the)
Panoche Energy Center (PEC))
_____)

Docket 06-AFC-5

Joint Status Report 3
of the
California Energy Commission Staff
and
Panoche Energy Center, LLC



The Staff of the California Energy Commission ("Staff") and the Applicant, Panoche Energy Center, LLC ("PEC") have reached a point in this proceeding where the majority of issues have been resolved and the remaining issue cannot be resolved. Therefore, Staff and PEC hereby recommend a course of action to expeditiously place the single remaining issue (Water Resources) before this Committee.

1. Recent Procedural History.

On June 28, 2007 Staff issued its Preliminary Staff Assessment ("PSA"), containing a complete evaluation of environmental and safety impacts of project construction and operation. Applicant reviewed the PSA and discussed areas of concern at the workshop, held in Mendota on July 24, 2007. This workshop was continued to August 2, 2007. Applicant filed its comments to the PSA on July 30, 2007. On August 2, 2007 the workshop was concluded in Sacramento.

2. Position of the Parties.

Applicant submitted comments and suggestions for changes to the PSA in numerous areas. Following the workshops, where these comments were discussed, Staff and Applicant now agree that there is a single issue that the parties believe must be placed before this Assigned Committee. In the area of Water Resources, Staff has determined that the PEC selected source of fresh inland water for the Project violates the policies enunciated in State Water Resources Control Board Policy 75-58 and 88-63, the Warren Alquist Act, and the Energy Commission Integrated Energy Policy Report of 2003. Staff also determined that there are feasible water sources available through the use of the upper semi-confined brackish water aquifer and/or reclaimed water from the city of Mendota

PEC disagrees and additionally believes that the only feasible source of water is the water in the confined aquifer underlying the facility. Applicant asserts that using treated waste water from the city of Mendota or using the upper semi-confined aquifer as the water source for the project is infeasible, environmentally undesirable and economically unsound.

Staff and PEC believe that the Assigned Committee must hear testimony to adjudicate the issue of the appropriate water source for the project.

3. Proposed Schedule.

September 14, 2007	Staff has committed to issuing the final Staff Assessment on or before this date Applicant will submit its Water Resources Testimony on this date
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September 25, 2007	[5 days prior to the Prehearing Conference] Staff and Applicant each file a list of witnesses and prepared testimony (Applicant's with resumes) by attestation for all areas except Water Resources
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October 1, 2007 (or as soon thereafter as possible)	Prehearing Conference
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Provided that there are no unanticipated problems arising in the Prehearing Conference, hearings can be held the same day.

Applicant and Staff believe this proposed schedule best serves the interests of Staff, Applicant and the citizens of the State of California