



January 15, 2007

Ms. Dale Hoffman-Floerke, Chief
Department of Water Resources
Colorado River and Salton Sea Office
1416 Ninth Street, Room 1148-6
Sacramento, California 95814

VIA FED EX 2-DAY DELIVERY

Subject: Salton Sea Ecosystem Restoration Program
Draft Programmatic Environmental Impact Report

Dear Ms. Hoffman-Floerke:

On behalf of my employer CalEnergy Operating Corporation and me personally, I would like to express my sincere appreciation for the opportunity to serve on the Salton Sea Advisory Committee. I commend you, Secretary Christman, your staff, the dedicated efforts of CH2MHill and each of the committee members for their hard work and commitment to this vitally important matter that has resulted in a Draft Programmatic Environmental Impact Report ("DPEIR").

Since 1988 I have been deeply involved in the development of geothermal energy along the southeastern shore of the Salton Sea. It is from this unique vantage point coupled with the knowledge gained by virtue of having served on the Committee and from observing and participating in some of the countless prior investigations of the Salton Sea conundrum that I offer my comments on the DPEIR.

Air Quality

It is widely accepted that as a result of the Quantification Settlement Agreement water flowing to the sea will eventually diminish and the reduced inflows will result in exposed playa, in particular near the shallowest parts of the sea, which happens to be in the vicinity of CalEnergy's geothermal operations. The DPEIR acknowledges this likelihood and recognizes that any restoration plan must include dust mitigation. Because of our proximity to the anticipated areas of exposed playa it is vitally important that fugitive dust be controlled to protect the health and safety of not only CalEnergy's employees, but everyone who lives and works in the greater region. The Imperial Valley is already classified as "Serious Non-attainment" by the Environmental Protection Agency and any further deterioration to the air quality must be avoided at all costs. As such, we believe that mitigation of potentially harmful fugitive dust from the exposed playa must be the highest priority for the Committee and a foundational component of whatever alternative is selected. Anything less is unacceptable.

CALENERGY OPERATING CORPORATION
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Geothermal Expansion

The word "geothermal" appears over seventy times in the DPEIR, suggesting that the Committee clearly recognizes the presence of the existing plants and infrastructure.

However, the mere mention of the word does not necessarily translate to a complete recognition of the significance of either the existing development or, more importantly, the potential for expanding the field. We believe that whatever alternative is selected, expansion of this indigenous, environmentally responsible form of energy must not only be recognized, but facilitated in every manner possible.

Today CalEnergy operates ten power plants along the southeastern shoreline of the Salton Sea. These facilities produce approximately 340 megawatts of clean geothermal energy that supplies customers throughout Southern California and parts of Arizona. The first plant was built in 1982 and over the succeeding 25 years CalEnergy has demonstrated a commitment to coexist not only with agriculture, but also with one of the most important wildlife refuges in the southwestern United States. That ability to coexist was most recently demonstrated when the California Energy Commission approved an application by CalEnergy to build an eleventh plant at the Salton Sea. The exhaustive permitting process included substantial input and review by the California Department of Fish and Game, the U.S. Fish and Wildlife Service, the U.S. Army Corps of Engineers, the Bureau of Reclamation and the County of Imperial, to name just a few of the agencies that weighed in on the application. The permit that was ultimately approved by the CEC included mitigation measures acceptable to both CalEnergy and the various agencies and organizations that manage the nearby wildlife refuge and associated ecosystem. It should also be mentioned that two of the well pads for the proposed project are actually located on lands managed by the Sonny Bono Salton Sea National Wildlife Refuge. Despite what might appear to be incompatible uses or objectives, the parties were able to craft a document that protects the environment while allowing for expansion of this important form of alternative energy.

Throughout the Committee discussions and as evidenced by the alternatives currently being considered, the development of shoreline habitat is one of three primary objectives. We are concerned that the creation of new shoreline habitat does not adequately consider the impacts it could have on the expansion of the Salton Sea geothermal field. We are particularly concerned that the creation of new shoreline habitat may impede CalEnergy or other developers from expanding the field because of the proposed location of new shoreline habitat between the New and Alamo Rivers. In addition, several of the alternatives being considered contain waterways around the existing geothermal development that could also interfere with or prevent future expansion.

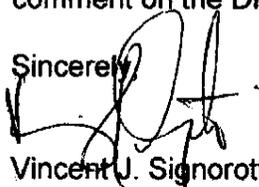
Ms. Dale Hoffman-Floerke
January 15, 2007
Page 3

California is one of several states that have adopted a renewable portfolio standard. In California investor owned utilities are required to generate 20 percent of their energy from renewable resources by 2010. The Salton Sea geothermal field is considered by many to be the single most important resource location for achieving this goal. Experts believe that when fully developed, the Salton Sea geothermal field could produce over 2,300 megawatts of electricity. As I have already mentioned, today CalEnergy produces 340 megawatts of electricity, or approximately 15 percent of what could be developed. The restoration alternatives being considered must take into account the importance of the eventual expansion of the Salton Sea geothermal field and must not create additional challenges or costs that would make such expansion economically unfeasible. It is important to remember that new shoreline habitat can be placed over a wide area, but the geothermal energy resource is not portable and must be developed where it's located, which in the case of the Salton Sea is near the New and Alamo Rivers.

Another element of the importance of geothermal energy development is the economic impact on the local community. Today CalEnergy has over 200 full-time employees supporting its Salton Sea project. It is accurate to say that the skills required by these men and women are considerable and that the salaries that are paid reflect the demands of the jobs being performed. The Salton Sea projects require the support of numerous local service providers that translate to even more jobs. CalEnergy is also the single largest property taxpayer in Imperial County. In other words, the development of geothermal energy from the Salton Sea is an enormous economic engine for Imperial County and the region. As such, expansion of the Salton Sea field will result in not only more clean energy, but more jobs and more prosperity for the county with the highest unemployment rate in the state.

In conclusion we commend your efforts, those of the Committee members and everyone involved for the hard work that has occurred over the many months we have studied the restoration options for the Salton Sea. Thank you for the opportunity to comment on the DPEIR. We hope that our remarks are given serious consideration.

Sincerely,



Vincent J. Signorotti
Vice President, Real Estate Assets

VJS:sg
cc: File/rf/Hoffman-Floerke