

### JOINT STIPULATION ON WATER SOURCE FOR COSUMNES POWER PLANT PHASES I AND II

Sacramento Municipal Utility District (SMUD) and California Energy Commission staff (Staff) hereby agree to the following terms and conditions regarding the water source for Phases I and II of the Cosumnes Power Plant (CPP). SMUD and staff agree that the terms and conditions below will not cause significant adverse environmental impacts and will comply with applicable laws, ordinances, regulations and standards.

1. Considering SMUD's existing water contracts for Folsom South Canal (FSC) water and the current lack of available reclaimed water, the source, use and treatment of water for CPP Phase I shall be as presented in Application for Certification Supplement C. The source of water is the FSC.
2. If Title 22 California Code of Regulations (CCR) water is available within 15 miles of CPP, it will be used in Phase II to the extent available provided the Energy Commission determines it is economically feasible and reasonably priced in relation to the costs of other sources of Title 22 water for power plants licensed by the Energy Commission. SMUD will assume the cost of licenses, permits, rights-of-way, materials, labor and installation of up to 15 miles of water pipeline. The application for Phase II will contain a complete description of Phase II including information consistent with this agreement and the Energy Commission data adequacy regulations.
3. To ensure electrical generating reliability for SMUD customers, SMUD will have the capability of using FSC water for backup water for Phase II, should such an emergency take place that renders Title 22 CCR water systems and related equipment inoperable.
4. If a suitable opportunity appears after the date of this agreement, Staff and SMUD shall retain the ability to consider a future agreement allowing a one-to-one offset of Title 22 CCR water to be exchanged for Phase II use of FSC water.
5. SMUD will consider the possible future use of reclaimed water in Phase 1, in the event reclaimed water in excess of the amount needed for Phase II is available, by addressing the feasibility of this conversion in the Phase II application to the Energy Commission.

As witnessed below:

Terrence J Brien  
 Terrence O'Brien, Energy Commission Deputy Director

2/7/03  
 Date

Colin Taylor  
 Colin Taylor, SMUD Director of Power Generation

2/7/03  
 Date