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WESTERN REGION OFFICE
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DUBLIN, CALIFORNIA 94568
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925.479.7800 (FAX)

January 22, 2003

VIA FACSIMILE AND FEDERAL EXPRESS

DWR/CERS
Executive Manager Power Systems
3310 El Camino Avenue, Suite 120
Sacramento, CA 95821
Fax (916) 574-2512

RE: Monthly Status Report
Dear Sir or Madam:

Pursuant to Special Condition (4) of the Confirmation Letter dated February 26, 2001, as modified by the Amended and Restated Confirmation Letter dated April 22, 2002 ("Contact Three"), executed pursuant to the Master Power Purchase and Sale Agreement, dated February 6, 2001, as modified by the Amended and Restated Cover Sheet, between Calpine Energy Services, L.P. ("CES") and the State of California Department of Water Resources ("DWR") dated April 22, 2002, CES is required to provide DWR with a monthly report regarding the status of the construction activities at DWR's request. Please find attached the Calpine Peaker Projects monthly status report for the month of December 2002.

If you have any question about the foregoing, please contact me at (925) 479-6755.

Sincerely,

CALPINE ENERGY SERVICES, L.P.

Michele A. Blanco

Michele A. Blanco P.E.
Commercial Manager-California and West Regions

cc. Chuck Toney

Calpine Energy Services, L.P.
Monthly Report for December 2002

Project: Feather River Energy Center

Construction
Construction began June 3, 2002. Mechanical completion occurred early December 2002.

Licensing and Permits
All required permits are in hand.

Project Financing
This project is part of a sale and leaseback financing. Phase 1 is funded. Until completion of Phase 2 financing, we are using internal funds to construct the project.

Acquisition and Installation of Major Equipment
All major equipment has been installed.

Start-Up and Testing
Startup and testing began in early December 2002. The DWR performance test was conducted on 12/23/02, and the performance test report was submitted to DWR that same day.

Commercial Operation
We declared COD for Feather River on 12/23/02 and provided a certifications letter to DWR on the same day.

Calpine Energy Services, L.P.
Monthly Report for December 2002

Project: Lambie Energy Center

Construction
Construction began June 10, 2002. Mechanical completion of primary systems was accomplished late November.

Licensing and Permits
All required permits are in hand.

Project Financing
This project is part of a sale and leaseback financing. Phase 1 is funded. Until completion of Phase 2 financing, we are using internal funds to construct the project.

Acquisition and Installation of Major Equipment
All major equipment has been installed.

Start-Up and Testing
Startup and testing began in early December 2002. The DWR performance test was conducted on 12/28/02, and the performance test report was submitted to DWR on the same day. Some completion work (non-primary systems associated with Occupancy Permit) required past the end of the month – expect to be complete by the end of the first week in January.

Commercial Operation
We declared COD for Lambie on 1/6/03 and provided a certifications letter to DWR on 1/7/03.

Calpine Energy Services, L.P.
Monthly Report for December 2002

Project: Goosehaven Energy Center

Construction
Construction began June 17, 2002. Mechanical completion was accomplished late November.

Licensing and Permits
All required permits are in hand.

Project Financing
This project is part of a sale and leaseback financing. Phase 1 is funded. Until the completion of Phase 2 funding, we are using internal funds to construct the project.

Acquisition and Installation of Major Equipment
All major equipment has been installed.

Start-Up and Testing
Startup and testing began in December 2002. The DWR performance test was conducted on 12/27/02, and a performance test report was submitted to DWR on the same day. Some completion work (non-primary systems associated with Occupancy Permit) required past the end of the month – expect to be complete by the end of the first week in January.

Commercial Operation
We declared COD for Goosehaven on 1/6/03 and provided a certifications letter to DWR on the same day.

Calpine Energy Services, L.P.
Monthly Report for December 2002

Project: Creed Energy Center

Construction
Construction began June 22, 2002. Mechanical completion was accomplished late November.

Licensing and Permits
All required permits are in hand.

Project Financing
This project is part of a sale and leaseback financing. Phase 1 is funded. Until completion of Phase 2 financing, we are using internal funds to construct the project.

Acquisition and Installation of Major Equipment
All major equipment has been installed.

Start-Up and Testing
Startup and testing began in December 2002. The DWR performance test was conducted on 12/26/02, and the performance test report was submitted to DWR on the same day. Some completion work (non-primary systems associated with Occupancy Permit) required past the end of the month – expect to be complete by the end of the first week in January.

Commercial Operation
We declared COD for Creed on 1/6/03 and provided a certifications letter to DWR on the same day.

Calpine Energy Services, L.P.
Monthly Report for December 2002

Project: Wolfskill Energy Center

Construction
Construction began August 5, 2002. Mechanical completion is scheduled for mid- to late- January 2003.

Licensing and Permits
All required permits are in hand.

Project Financing
This project is part of a sale and leaseback financing. Phase 1 is funded. Until completion of Phase 2 financing, we are using internal funds to construct the project.

Acquisition and Installation of Major Equipment
All major equipment is on site.

Start-Up and Testing
Startup and testing will begin in late January 2003. First system parallel is expected to occur 2/12/03.

Commercial Operation
COD expected by 2/17/03.

Calpine Energy Services, L.P.
Monthly Report for December 2002

Project: Riverview Energy Center

Construction
Construction began October 28, 2002. Mechanical completion is scheduled for 3/8/03.

Licensing and Permits
All permits are in hand.

Project Financing
This project is part of a sale and leaseback financing. Phase 1 is funded. Until completion of Phase 2 financing, we are using internal funds to construct the project.

Acquisition and Installation of Major Equipment
Acquisition of all major equipment is complete. Equipment began arriving on site in November 2002.

Start-Up and Testing
Startup and testing will begin in late February 2003. First system parallel is expected to occur 4/1/03.

Commercial Operation
COD expected by 4/7/03.

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FACSIMILE TRANSMITTAL SHEET

TO: Executive Manager Power Systems	FROM: Susi Folks- Michele Blanco
COMPANY: DWR/CERS	DATE: 1/24/03
FAX NUMBER: 916.574.2512	TOTAL NO. OF PAGES INCLUDING COVER: 15
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE:	YOUR REFERENCE NUMBER:

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY

COMMENTS:

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