Memorandum

Date: March 30, 2007
Telephone: (916) 653-1245

To: John Geesman, Presiding Member
   Art Rosenfeid, Associate Member

From: California Energy Commission – Bill Pfanner
      1516 Ninth Street
      Sacramento, CA 95814-5512

Subject: SOUTH BAY REPLACEMENT PROJECT (06-AFC-3) STATUS REPORT #2

On January 18, 2007, the City of Chula Vista and the San Diego Unified Port District (Port) conducted a joint session to discuss the proposed South Bay Replacement Project (SBRP) and the Port’s pending long term lease to LS Power Generation, LLC (LS Power). The Port, which controls the land the proposed SBRP would be built on, backed by the Chula Vista City Council, voted in 2001 to sign a new 45-year lease with LS Power’s predecessor, Duke Energy upon expiration of the current lease. Under the terms of the current lease, which ends in 2010, LS Power must pay to tear down the existing South Bay Power Plant. The new lease would allow SBRP to be built on 20 acres to the south of the existing South Bay Power Plant site and LS Power would demolish the old facility. This would free about 115 acres for Chula Vista’s future bay front renovation, which would connect to its new marina.

At the joint meeting, Jim Avery of San Diego Gas & Electric (SDG&E), stated that SDG&E would not purchase the power from the SBRP and that any power generated by this plant would not be used in San Diego County. The City of Chula Vista officials were concerned by this statement. On February 20, 2007, the Chula Vista City Council voted to block any plan to put a new power plant on the bay front property.

On March 13, 2007, the Port voted to reject plans to lease property to LS Power to build the proposed SBRP. Given the actions of the Port and the City of Chula Vista and the inability of LS Power to secure a lease at the proposed site, it appears the status of the project has changed. On March 19, 2007, staff notified LS Power in writing that unless directed otherwise by the Siting Committee, it was stopping work on processing the SBRP AFC and requested that LS Power advise the Energy Commission in writing as to whether it is their intention to suspend this project or request its termination. To date, LS Power has not responded.

It may be appropriate for the Committee to schedule a Status Conference with the applicant in order to determine the future of this application.
APPLICATION FOR CERTIFICATION
FOR THE SOUTH BAY REPLACEMENT PROJECT

Docket No. 06-AFC-3
PROOF OF SERVICE
(Revised 3/17/07)

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

DOCKET UNIT

Send the original signed document plus the required 12 copies to the address below:

CALIFORNIA ENERGY COMMISSION
DOCKET UNIT, MS-4
Attn: Docket No. 06-AFC-3
1516 Ninth Street
Sacramento, CA 95814-5512

* * * *
In addition to the documents sent to the Commission Docket Unit, also send individual copies of any documents to:

APPLICANT

Kevin Johnson
LS Power Generation, LLC
1735 Technology Drive, Suite 820
San Jose, CA 95110
KJohnson@LSPower.com

COUNSEL FOR APPLICANT

Chris Ellison
Ellison, Schneider & Harris
2015 H Street
Sacramento, CA 95814
cfe@eslawfirm.com

APPLICANT CONSULTANTS

Robert Mason
CH2M HILL
3 Hutton Centre Dr., Ste. 200
Santa Ana, CA 92707
robert.mason@ch2m.com

Sarah Madams
CH2M HILL
2485 Natomas Park Dr., Ste. 600
Sacramento, CA 95833

INTERESTED AGENCIES

Electricity Oversight Board
770 L Street, Suite 1250
Sacramento, CA 95814
esaltemash@eob.ca.gov

INTERVENORS

CALIFORNIA UNIONS FOR RELIABLE ENERGY (CURE)
Marc D. Joseph
Gloria D. Smith
Adams Broadwell Joseph & Cardozo
601 Gateway Boulevard, Suite 1000
South San Francisco, CA 94080
mdjoseph@adamsbroadwell.com
gsmith@adamsbroadwell.com
Environmental Health Coalition
Osa L. Wolff
Kevin P. Bundy
Shute, Mihaly & Weinberger, LLP
396 Hayes Street
San Francisco, CA 94102
wolff@smwlaw.com
bundy@smwlaw.com

ENERGY COMMISSION

JOHN L. GEESMAN
Presiding Committee Member
jgeesman@energy.state.ca.us

ARTHUR ROSENFELD
Associate Committee Member

pfint@energy.state.ca.us
Garret Shean
Hearing Officer
gshean@energy.state.ca.us

Bill Pfanner
Project Manager
bpfanner@energy.state.ca.us

Kerry Willis
Staff Counsel
kwillis@energy.state.ca.us

Public Adviser
rho@energy.state.ca.us

DECLARATION OF SERVICE

I, Angela Hockaday, declare that on March 30, 2007, I deposited copies of the attached Status Report #2 for the South Bay Replacement Project (06-AFC-3), in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.

[Signature]

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