GALATI & BLEK LLP
Counselors & Advocates

Plaza Towers
555 Capitol Mall
Suite 600
Sacramento, CA 95814

December 8, 2006

Attorneys
Scott A. Galati
Scott W. Blek

Of Counsel
Jennifer Costanza

Lobbyists
Scott A. Galati
Sandra A. Carey

OFFICES ALSO IN
GLENDALE, CA

DOCKET
00-AFC-1
DATE DEC 8 2006
RECD.

Christopher Meyer
Compliance Project Manager
California Energy Commission
1519 Ninth Street
Sacramento, California 95814

Subject: ***Notification of PG&E and Mirant Agreement***
Contra Costa Power Project Unit 8
00-AFC-1

Dear Christopher,

We are pleased to report that on November 28, 2006, Pacific Gas & Electric Company (PG&E) acquired the Contra Costa Power Project Unit 8 (CC8) assets from Mirant. On December 4, 2006, PG&E filed a Petition seeking to remove Mirant as a co-holder of the License and to change the name of the project to the Gateway Generating Station (Mirant Removal Petition). The purpose of this letter is to formally notify the CEC that the Asset Transfer Agreement and related agreements (CC8 Agreements) between PG&E and Mirant was amended. Pursuant to the CC8 Agreements, PG&E has agreed that it will not construct or operate the project in a manner that uses or relies on (i) any Mirant Plant for water for any purpose, or (ii) any Mirant Permit, other than use of, and reliance on Mirant's permits related to Mirant's ammonia facility and temporary fire protection water for the CC8 warehouse building.

PG&E has further agreed that it will not use any other Mirant facilities, systems, infrastructure, equipment or structures in any manner that would require Mirant to be a co-holder of, or responsible for compliance with, the License. Therefore, PG&E has filed the Mirant Removal Petition to ensure that Mirant does not remain a co-holder of the License or responsible for compliance with the existing or future Conditions of Certification.

PG&E will file another Petition for Amendment with the CEC within the next few days. That petition requests the CEC to amend the License and related Conditions of Certification to reflect PG&E's design change from a wet-cooled system to an air-cooled condenser or "dry cooling" (Dry Cooling Petition).

PG&E looks forward to working closely with you and your staff to facilitate swift approval of the Mirant Removal Petition. PG&E also appreciates your commitment to assist in approval of the compliance items to allow construction to proceed while processing the Dry Cooling Petition. If you have any questions or require additional information, please don't hesitate to contact me at (916) 441-6575.

Sincerely,

Scott A. Galati
Counsel to PG&E