

STATE OF CALIFORNIA

**CALIFORNIA ENERGY RESOURCES AND DEVELOPMENT
COMMISSION**



In the Matter of:)
)
)
Palomar Energy, LLC)
Application for Certification of)
Palomar Energy Power Plant)
_____)

Docket No. 01-AFC-24C

PETITION FOR CHANGE OF OWNERSHIP AND OPERATIONAL CONTROL

Pursuant to California Code of Regulations, Title 20, Section 1769(b)(1)(A),(B) and (C), Palomar Energy, LLC, (“Palomar”) hereby petitions the California Energy Commission (“Commission”) for a change of ownership and operational control for its Palomar Energy Power Plant (the “Project”), Docket No. 01-AFC-24C. References are to provisions of the Commission’s siting regulations (Title 20 California Code of Regulations) concerning transfer of ownership and operation of the project.

Section 1769(b)(1)(A):

Palomar and San Diego Gas & Electric (“SDG&E”) (collectively, “the parties”) have previously entered into an agreement for SDG&E to purchase the Palomar Energy Project and related facilities from Palomar. The parties expect to close their transaction concerning transfer of the Palomar Energy Project on approximately March 27, 2006, or a subsequent date to which the parties mutually agree (the “Closing Date”). SDG&E will initially lease the facility from

Palomar Energy, LLC (Palomar). After this time, SDG&E will purchase the facility in fee from Palomar. During the leasehold period, Palomar will be a passive lessor. Therefore, at all times after the Closing Date, whether during the leasehold period or after such period, SDG&E shall serve as "Owner" and "Operator" of the facility for purposes of compliance with requirements of the certification and conditions contained in the Final Decision issued by the Commission on August 6, 2003, together with any amendments thereto which have been or may in the future be adopted by the Commission. Palomar also hereby notifies the Commission that subsequent to the Closing Date the name of the facility will change to Palomar Energy Center.

Since the Closing Date may change, Palomar and SDG&E request that a Commission order of approval of the change become effective upon receipt of a Notice of Transfer signed by officers of both parties.

Section 1769(b)(1)(B):

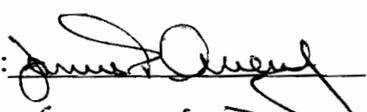
On or after the Closing Date, SDG&E will be responsible for compliance with the Commission's Conditions of Certification for the Project.

Section 1769(b)(1)(C):

SDG&E understands the Conditions of Certification and agrees to comply with them. As an officer of SDG&E, I hereby attest, under penalty of perjury, under the laws of the State of California, that the contents of this Petition are truthful and accurate to the best of my knowledge and belief.

SDG&E,

Dated: 2-24-06

By: 
Title: Senior Vice President

For the foregoing reasons, Palomar requests that the CEC approve the change of operational control of the Project to reflect SDG&E as the operator of the plant effective on as of the date of receipt of the Notice of Transfer.

Dated: 2/24/06

Palomar Energy, LLC

By: JMMcCosh
Title: Vice President