SOUTH BAY REPLACEMENT PROJECT, LLC
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DOCKET
06-AFC-3
DATE JUN 13 2007
RECD. JUN 14 2007

June 13, 2007

Bill Pfanner
Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, California 95814

Re: South Bay Replacement Project ("SBRP")

Dear Mr. Pfanner:

I am writing in response to your verbal request of May 21, 2007 to Bob Mason regarding the status of the South Bay Replacement Project (SBRP) Application for Certification (AFC) in light of the May 16, 2007 letter from Sierra Research on behalf of the SBRP to the San Diego County Air Pollution Control District (APCD) canceling the application for the Determination of Compliance/Authority to Construct for SBRP.

First, allow me to put the cancellation of SBRP's application to the APCD for the Determination of Compliance/Authority to Construct into its proper context. On April 17, 2007, we requested an extension from the APCD of its timeline for review of the application for Determination of Compliance/Authority to Construct. At that time, we were informed by APCD that procedurally, since it had already granted an extension of the application review timeline, that a second extension was not available pursuant to the APCD's procedures. Therefore, under the APCD's procedures, there were two options: 1) have APCD continue its review of the application (and continue to incur substantial cost); or 2) cancel the application. Based on recent actions of the City of Chula Vista, the Unified Port Authority of San Diego (Port), and others related to SBRP we decided to cancel the application.. However, we expressly reserved the right to restart the APCD's review of the application pending on the final evaluation of the totality of circumstances related to SBRP.

SBRP continues to work with various local interests to find an alternative site for SBRP. SBRP is also awaiting results of the SDG&E request for offers ("RFO") which may have a bearing on this and/or other projects in the area. Therefore, notwithstanding the cancellation of the APCD's review of the application for the Determination of Compliance/Authority to Construct, we do not believe that a formal suspension of the California Energy Commission's (CEC's) proceeding related to the SBRP AFC is necessary or appropriate pending the outcome of our discussions and the RFO. We expect these matters to be resolved over the next several weeks. The applicant understands that CEC Staff has temporarily suspended work on this application. South Bay Replacement Project, LLC will continue to keep the Commission and Staff informed as our work on this project goes forward so that Staff can plan its workload.

Also as mentioned in my March 28, letter, on April 4, 2006, LSP South Bay, LLC transferred all rights to SBRP, including rights associated with the AFC, to a new entity: South Bay Replacement Project, LLC.

Please do not hesitate to contact me at your convenience if you have any further questions or concerns.

Respectfully,

Kevin R. Johnson
Vice President

c: Commissioner John L. Geesman, Presiding Member
Commissioner Arthur Rosenfeld, Associate Member
Service List

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION FOR CERTIFICATION FOR THE SOUTH BAY REPLACEMENT PROJECT	Docket No. 06-AFC-3 PROOF OF SERVICE (*Revised 6/6/07*)

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:

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DECLARATION OF SERVICE

I, Jeannette Harris, declare that on June 14, 2007, I deposited copies of the attached June 13, 2007 Letter from Kevin R. Johnson, South Bay Replacement Project, LLC to Bill Pfanner at the California Energy Commission re: SBRP, 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.

Jeannette Harris
[signature]