CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov

March 19, 2007

DOCKET
06-AFC-3
DATE MAR 19 2007
RECD. MAR 19 2007

Mr. Kevin R. Johnson
Vice President
LS Power Generation, LLC
1735 Technology Drive, Suite 820
San Jose, CA 95050

Dear Mr. Johnson:

On March 13, 2007, the Unified Port Authority of San Diego (Port) voted to reject plans to lease property to LS Power Generation, LLC (LS Power) to build the proposed South Bay Replacement Project (SBRP) – a 620 megawatt, natural gas fired, combined-cycle power plant. Since June 30, 2006, the California Energy Commission (Energy Commission) has been reviewing the Application for Certification (AFC) for the SBRP under a one-year permit process. Given the action of the Port and the inability of LS Power to secure a lease at the proposed site, it appears the status of the project has changed.

As such, the Energy Commission staff questions the viability of the proposed SBRP. Therefore, unless requested otherwise by the LS Power South Bay Siting Committee, Energy Commission staff intends to stop work on processing the SBRP AFC. Staff requests that LS Power advise the Energy Commission in writing as to whether it is your intention to suspend this project or request its termination.

We greatly appreciate your timely response to this letter.

Sincerely,

Bill Pfanner

Bill Pfanner
Energy Commission Project Manager

cc: POS

PROOF OF SERVICE (REVISED 3/16/07) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 3/19/07

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 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:

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DECLARATION OF SERVICE

I, Joann Gonzales, declare that on March 19, 2007, I deposited copies of the attached to Letter to Kevin Johnson, LS Power Generation, LLC, 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]