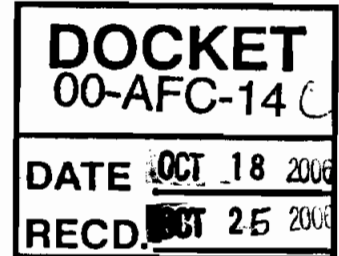




City of El Segundo

Office of the City Council



Elected Officials:

Kelly McDowell,
Mayor
John G. Gaines,
Mayor Pro Tem
Jim Boulgarides,
Council Member
Eric K. Busch,
Council Member
Carl Jacobson,
Council Member
Cindy Mortesen,
City Clerk
Ralph Lanphere,
City Treasurer

Appointed Officials:

Jeffrey Stewart,
City Manager
Mark D. Hensley,
City Attorney

Department Directors:

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Administrative Services
Norm Angelo,
Fire Chief
Debra Brighton,
Library & Cable Services
Seimone Jurjis,
Planning and Building
Safety
Jack Wayt,
Police Chief
Steven Finton,
Public Works
Stacia Mancini,
Recreation & Parks

www.elsegundo.org

October 18, 2005

Mr. Marc S. Pryor
Compliance Project Manager
California Energy Commission
1516 9th Street, MS 15
Sacramento, CA 95814

Re: Urging the California Energy Commission to approve the request by El Segundo Power II LLC to amend the Condition of Certification BIO-1 – Final Decision (00-AFC-14)

Dear Mr. Pryor:

We are writing to state our support for the application submitted by El Segundo Power II (ESPR) to amend Condition of Certification BIO-1 and the corresponding payment schedule stated within that Condition. It is our understanding that, pursuant to the current Condition of Certification, effective September 30, 2005, ESPR is required to remit a sum of \$250,000 to the Santa Monica Bay Restoration Commission. In addition, ESPR would be required to remit an additional sum of \$250,000 every 90 days thereafter for additional studies, up to an amount that will not exceed \$5 million.

We support the intent of the CEC in requiring the payments to the Santa Monica Bay Restoration Commission as a part of the repowering of the ESPR facility located in our City. The studies to be undertaken by the Restoration Commission, will obtain significant progress in restoring the vitality of the Santa Monica Bay. However, we do believe that the payments required from ESPR as a part of the Condition of Certification BIO-1, as currently structured, represent an onerous burden that may terminate the ultimate development of an important power generation facility in the Southern California Region.

The fact is that ESPR will not be able to assemble the financing necessary to undertake the repowering project until it is able to obtain a long-term power generation contract with a "load serving entity." The reasons for that failure to reach

Mr. Marc Pryor
October 18, 2005
Page 2 of 2

agreement are numerous and structural. There are efforts among the members of the Legislature and the CPUC to work through those issues, and we are confident that such efforts will ultimately be successful. However, in the short-term, ESPR does not have its financing in place, the project is not underway and it is not clear when those issues will be resolved. Accordingly, the City of El Segundo supports the request by ESPR to amend the Condition of Certification to link the payments to the Santa Monica Bay Restoration Commission with the initiation of construction of the repowering project.

Specifically, the City of El Segundo supports the following amendment:

BIO -1: The project owner shall place \$5,000,000 in trust for the Santa Monica Bay Restoration Commission (SMBRC) to assess the ecological condition of the Santa Monica Bay and to develop and implement actions to improve the ecological health of the Bay. At least \$250,000 shall be provided at least 90 days prior to the start of construction of the new generation units ~~within 30 days after this Decision becomes final~~ and an additional sum of at least \$250,000 shall be provided every 90 days thereafter...

Upon completion, the ESPR repowering project will generate an additional 630 megawatts of electricity. Every study that we have seen regarding the future electrical power requirements of California identifies a critical need for new power generation facilities. Accordingly, we believe that the ESPR project represents an important part of California's ability to meet the current and future power needs of its business and residential communities. In addition, we believe that the project will yield tangible benefits to current efforts to restore the Santa Monica Bay. Unless action is taken now by the CEC to grant this reasonable request for amendment to the Conditions of Certification, we fear this important project may founder.

We appreciate your consideration of this request. If you have any questions, please feel free to call at (310) 524-2302.

Sincerely,



Kelly McDowell
Mayor



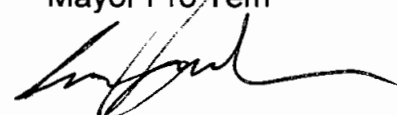
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