

Mirant California, LLC
696 West 10th Street
P. O. Box 192, Pittsburg, CA. 94565
T 925-427-3500 F 925-427-3535 U

DOCKET 00-AFC-1C
DATE JUL 28 2005
RECD. AUG 02 2005

July 28, 2005

Mr. Chuck Najarian
Compliance Program Manager
California Energy Commission
Energy Facilities Siting and
Environmental Protection Division
1516 9th Street, MS 2000
Sacramento, CA 95814-5512



Dear Mr. Najarian:

Per our discussion of June 28, 2005, this letter is to inform you of the status of the Contra Costa Unit 8 project and to seek your concurrence regarding our planned schedule for amending the Application of Certification (AFC).

Mirant Delta, LLC (Mirant) is the owner and developer of the Contra Costa Unit 8 project that was approved by the California Energy Commission (CEC or Commission) in May 2001. Construction on the project started in late 2001 and was subsequently suspended in February 2002. Mirant received CEC approval to revise the Contra Costa Unit 8 project construction milestones in December 2002 and August 2004.

During 2004, Mirant began negotiating with the California Attorney General's office and various other California parties to settle a variety of disputes related to Mirant's business activities in California, including issues arising out of the California energy crisis of 2000 and 2001. As discussed with you and members of your staff during our meeting on February 3, 2005, Mirant reached a settlement with the California Attorney General's office, Pacific Gas and Electric Company (PG&E) and various other California parties on January 14, 2005.

The implementation of the settlement required, among other things, Mirant and PG&E to negotiate agreements, which provide PG&E the option to acquire the Contra Costa Unit 8 project. Mirant and PG&E completed the Asset Transfer Agreement (ATA) and other related agreements on June 10, 2005. On June 17, 2005, PG&E filed an application with the California Public Utilities Commission for approval of the agreements, and adoption of cost recovery and ratemaking mechanisms related to the acquisition, completion and operation of the Contra Costa Unit 8 project.

The agreements provide PG&E the option to acquire the Contra Costa Unit 8 project if certain conditions are met. The conditions which must be met require Mirant, among other things, to perfect and modify, as appropriate, the permits necessary for PG&E to own, construct and operate the Contra Costa Unit 8 plant on the Mirant Contra Costa site. Until the conditions are met and PG&E elects to acquire the CC8 assets, Mirant remains the owner of such assets.


In order to satisfy Mirant's obligations under the agreements, Mirant intends to file an amendment petition with the Commission related to the CC8 project, for staff review by October 3, 2005. It is anticipated that the petition will include the following:

1. Modification of the project construction milestones:
 - a. Date Construction Efforts Would Recommence: September 2006
 - b. All Major Equipment Delivered to Site: September 2007
 - c. Complete Installation of Major Equipment: February 2008
 - d. Begin Commercial Operation: August 2008
2. A form of declaration that PG&E would sign at the close of the transaction obligating PG&E to comply with all terms of the Application For Certification (AFC), thereby assuring that the Commission has direct enforcement authority over PG&E (in addition to Mirant) for AFC compliance, if the transfer of Contra Costa Unit 8 to PG&E occurs.
3. Installation of new water treatment facilities

We also anticipate making minor facility modifications that we understand would not require amending the AFC, including confirmation from the Resource Agencies that the Aquatic Filter Barrier technology will not be deployed and that other species protection measures will be implemented in satisfaction of mitigation requirement BIO-5, elimination of CC8's reliance on a septic system by connecting to the municipal sewage district, and installation of an oily water separator.

Please let me know if the foregoing meets your expectations and the project's existing conditions of certification. If you have further questions, please call me at (925) 427-3560.

Sincerely,


Jeffrey S. Russell
Vice President
Mirant California, LLC

Cc: Marc Pryor