

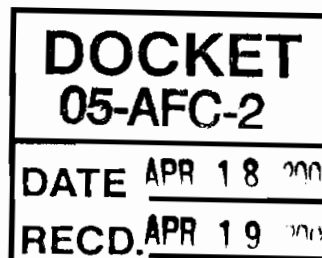


CITY OF INDUSTRY

Incorporated June 18, 1957

April 18, 2006

Commissioner Jackalyne Pfannenstiel
Commissioner John L. Geesman
California Energy Commission
1516 Ninth Street
Sacramento, California 95814



Subject: City of Industry Demolition Project

Dear Commissioners:

The City of Industry recently received a telephone call from California Energy Commission (CEC) Staff stating that it has decided that our demolition project of the warehouse currently located at 911 Bixby Drive would fall under the jurisdiction of the CEC. We are responding to clarify the apparent misunderstanding.

The City of Industry, through its Industry Urban-Development Agency, owns the property located at 911 Bixby Drive. The property includes a large warehouse building that the City currently leases to a tenant. The City of Industry has determined that this property would generate far more revenue to the City if the warehouse were demolished. The City of Industry intends to demolish this building in order to attract an industrial use that would generate greater revenue to the City.

While the City has also entered into a lease option agreement with Edison Mission Energy (EME) to construct its Walnut Creek Energy Park (WCEP) at 911 Bixby Drive after the demolition is completed, these two actions are not legally connected for the purposes of the CEC jurisdiction. The City will demolish the warehouse building whether or not the WCEP project is approved by the CEC. If the CEC fails to approve the WCEP or if EME decides not to construct the WCEP, the City will go forward with the demolition and continue to seek another industrial user that will generate greater revenue for the City than could be realized by continued leasing of the existing warehouse.

The City has already conducted a California Environmental Quality Act (CEQA) analysis of the demolition project as a stand-alone project. The City published its Negative Declaration and Initial Study, circulated it for public review, and filed a Notice of Determination (NOD) on February 27, 2006. The 30-day statutory timeline for challenges to the NOD has passed and the City intends to go forward with the demolition.

We trust this clarifies any confusion and wish to receive correspondence from the CEC acknowledging that it does not have jurisdiction over the demolition of the warehouse at 911 Bixby Drive.

Sincerely,

Mike Kissell
Planning Director

MK:jm