

*La Paloma
Generating Plant*

La Paloma Generating Company, LLC

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McKittrick, CA 93251

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June 15, 2005

Ms. Nancy Tronaas
Compliance Project Manager
California Energy Commission
1516 Ninth Street, MS-2000
Sacramento, CA 95814

Re: La Paloma Generating Project
Docket No. 98-AFC-2
Petition for Transfer of Equity Ownership

Dear Ms. Tronaas:

The La Paloma Generating Company, LLC ("LPGC") is the owner of the La Paloma Generating Project (the "Project") located in McKittrick, California. Pursuant to 20 CCR Section 1769(b) of the California Energy Commission ("Commission") regulations, LPGC hereby submits a Petition for Transfer of Equity Ownership.

Background

On November 3, 2004, the Commission approved the transfer of ownership of the Project from the La Paloma Generating Trust to LPGC pursuant to a September 24, 2004 petition (the "Petition").

In that Petition, LPGC noted that the ownership of equity interests in LPGC was going to be transferred from subsidiaries of National Energy & Gas Transmission, Inc., formerly PG&E National Energy Group, to an entity controlled by a group of creditors with a security interest in all of LPGC's assets and equity interests. On October 27, 2004, La Paloma Holding Company, LLC ("La Paloma Holdco"), the entity organized and controlled by the creditors, acquired 100% of the equity interests in LPGC.

Transfer of Equity Ownership

La Paloma Acquisition Co, LLC, ("Acquisition Co") a subsidiary of Complete Energy Holdings, LLC ("Complete Energy"), entered into a Purchase and Sale Agreement, dated as of May 10, 2005 in which it agreed to purchase 100% of the equity interest of LPGC. Complete Energy is a company based in Houston, Texas, engaged in the acquisition, ownership and operation of power generation facilities. Closing is expected to occur in the third quarter of 2005, but could occur as early as mid-July 2005.

Operational Relationship

This proposed transaction does not entail the transfer of the Project, only the equity interests of LPGC. After the transfer of equity interests in LPGC to Acquisition Co, DTE La Paloma Operations, LLC will be replaced by CEP La Paloma Operating Company LLC ("La Paloma Operating"), a subsidiary of Complete Energy. Pursuant to an operation, maintenance and asset management agreement to be entered into with LPGC, La Paloma Operating will be responsible for the operation, maintenance, and day-to-day management of the project. After the transition to La Paloma Operating, it is anticipated that current plant personnel will remain as the on-site day-to-day operators of the plant.

LPGC will remain responsible for compliance with the Commission's conditions of certification. We have attached a statement from a Lori Cuervo, Executive Vice President of La Paloma Operating, the entity that will manage LPGC (to become effective immediately upon closing of transfer of equity interests), attesting under penalty of perjury that La Paloma Operating understands the CEC conditions of certification, is responsible for compliance with the conditions on LPGC's behalf, and agrees to continue to comply with those conditions on LPGC's behalf.

Request

For the foregoing reasons, LPGC requests that the Commission approve the transfer of equity ownership in LPGC from La Paloma Holdco to Acquisition Co, a subsidiary of Complete Energy Holdings, LLC, effective on the closing date of the transaction. We will notify you of that date when closing occurs.

Please call either me at (661)762-6005 or Zenis Walley at (661) 762-6003 if you have any questions regarding this petition.

Sincerely,



Tom Romesberg
General Manager
La Paloma Generating Plant

cc: L. Cuervo Z. Walley N. Park R. Skinner I. Karp B. Steiner K. Panczak
B. Nelson

File 705.02.05



CEP La Paloma Operating Company LLC
A Complete Energy Company

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713.650.9300
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June 13, 2005

Ms. Nancy Tronaas
Compliance Project Manager
California Energy Commission
1516 Ninth Street, MS-2000
Sacramento, CA 95814

Re: La Paloma Generating Project Docket No. 98-AFC-2 Statement of La Paloma Operating Company, LLC

Dear Ms. Tronaas:

This statement is submitted in support of the La Paloma Generating Company, LLC's ("LPGC") Petition for Transfer of Equity Ownership of the above-referenced project.

La Paloma Acquisition Co, LLC, a subsidiary of Complete Energy Holdings, LLC ("Complete Energy") entered into a Purchase and Sale Agreement dated as of May 10, 2005 in which it agreed to purchase 100% of the equity interests of LPGC. I am an Executive Vice President of CEP La Paloma Operating Company LLC ("La Paloma Operating"), which will be the manager of LPGC effective upon closing. Closing is expected to occur in the third quarter of 2005, but could occur as early as mid-July 2005.

After closing, La Paloma Operating, a subsidiary of Complete Energy, will be responsible for the operation, maintenance, and day-to-day management of the La Paloma Generating Project (the "Project"). Its obligations will include operating and maintaining the Project in compliance with all applicable requirements, which include the California Energy Commission's Conditions of Certification adopted under Docket No. 98-AFC-2, and all subsequent orders amending those conditions.

As an officer of La Paloma Operating, to become effective upon closing of transfer of the equity interests described above, I hereby attest under penalty of perjury, that La Paloma Operating understands the Conditions of Certification, is responsible for compliance with those conditions on LPGC's behalf, and will continue to comply with those conditions on LPGC's behalf.

A handwritten signature in black ink that reads "Lori Cuervo". The signature is written in a cursive style and is positioned above a horizontal line.

Lori Cuervo
Executive Vice President
CEP La Paloma Operating Company LLC
(effective immediately upon closing of transfer of equity interests)