STATE OF CALIFORNIA

Energy Resources Conservation
and Development Commission

DOCKET
05-AFC-1
DATE JAN 9 2006
RECD. JAN 9 2006

In the Matter of:	)	
	)	Docket No. 05-AFC-1
Application for Certification for the Pastoria Energy Facility (PEF) 160 MW Expansion by Calpine Corporation	)	

APPLICANT'S STATUS REPORT #2

The following discussion summarizes the current status of this AFC proceeding since the last update:

1. The environmental analysis for the downstream upgrades identified in the System Impact Study dated June 8, 2005 (potential construction and operation of a new 230 kV transmission line for the Pastoria Substation to the Pardee Substation) was submitted on November 8, 2005.

2. The San Joaquin Valley Unified Air Pollution Control District Final Determination of Compliance was issued on November 9, 2005.

3. The Final Staff Assessment was issued on November 28, 2005.

4. The Applicant is finalizing its prehearing conference statement and testimony to be submitted on January 10, 2006. The Applicant will submit testimony on all issues except Transmission System Engineering.

5. Regarding Transmission System Engineering, Southern California Edison (SCE) is responsible for preparation of the System Impact Study. SCE completed the System Impact Study on June 8, 2005. The System Impact Study indicated the need for a Facilities Study. Therefore, SCE and Calpine entered into a Facilities Study Agreement on August 19, 2005.

   Under Section 6 of the Facilities Study Agreement, SCE agreed to use due diligence to complete the Technical Assessment within 45 days and to complete the Facilities Study within 135 days. Under the terms of the agreement, the Technical Assessment was expected by October 4, 2005 and the Facilities Study was due by January 4, 2006.

   Under Section 7 of the Agreement, SCE further agreed that if it determined that the Study could not be completed within 135 days it would notify PEF and provide an

estimated completion date along with an explanation of the reasons why additional time is required.

During the month of October, Calpine had contacted SCE several times to receive a copy of the Technical Assessment. In late October, SCE informed Calpine that the technical studies for the project have been delayed. The delay notice in the completion of the technical studies from SCE continued through November and December, however, Calpine remained under the impression that the delay in the technical studies would not affect the completion of the final Facility Study and that Calpine would receive the study by January 4, 2006.

On January 4, 2006, the deadline for receipt of the Facilities Study, SCE sent an email to Calpine stating that it was close to completion of the results and that the results would be circulated by end of the week. Based on this email, Calpine anticipated a two-day delay in receipt of the Facilities Study.

However, in a follow-up telephone conversation between Calpine and SCE on January 5, 2006, Calpine was informed that the "results" promised by SCE were not the results of the Facilities Study due on January 4, 2006, but were the results of the Technical Assessment that was due on October 4, 2006. Nevertheless, SCE stated in the January 5, 2006, phone conversation and confirmed in an email message that the results of the technical study would be provided by January 6, 2006.

In a telephone meeting between SCE and Calpine on January 6, 2006, SCE informed Calpine that that the results of the Technical Assessment would be further delayed until January 19, and that results of the Facility Study would be delayed until the end of April.

Calpine regrets that SCE has been unable to meet the timetable established by the Facilities Study Agreement. In our Prehearing Conference Statement, to be filed on January 10, 2006, Calpine will make recommendations to the Committee on how to proceed given SCE's anticipated delay in completing the Facility Study.

January 9, 2006

Respectfully submitted,

ELLISON, SCHNEIDER & HARRIS L.L.P.

By

Gregg Wheatland
2015 H Street
Sacramento, California 95814-3109
Telephone: (916) 447-2166
Facsimile: (916) 447-3512

Attorneys for Calpine Corporation

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PROOF OF SERVICE

I, Ron O'Connor, declare that on January 9, 2006, I deposited copies of the attached *Applicant's Status Report #2* in the United States mail in Sacramento, California, with first-class postage thereon fully prepaid and addressed to all parties on the attached service list.

I declare under the penalty of perjury that the foregoing is true and correct.

Ron O'Connor

SERVICE LIST
05-AFC-1

Andrew Whittome, Project Mgr.
Pastoria Expansion
Calpine Corporation
4160 Dublin Blvd.
Dublin, CA 94568

Rick Thomas, Director
Project Development
Calpine Corporation
4160 Dublin Blvd.
Dublin, CA 94568

Rick Tetzloff
Project Engineer
Calpine Corporation
700 NE Multnomah, Suite 870
Portland, OR 97232

Jennifer Scholl
URS Corporation
130 Robin Hill Road, Suite 100
Goleta, CA 93117

Nancy Matthews
Sierra Research
1801 J Street
Sacramento, CA 95814

Thomas Goff, Permit Services Agency
San Joaquin Valley Unified APCD
2700 M Street
Bakersfield, CA 93301

Donna Jordan
CA Independent System Operator
151 Blue Ravine Road
Folsom, CA 95630

Robert J. Kunde
Bill Taube
Wheeler Ridge- Maricopa
Water Storage District
12109 Highway 166
Bakersfield, CA 93313-9630