



Debra L. Reed
President & COO

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March 21, 2006

Commissioner Dian Grueneich
California Public Utilities Commission
505 Van Ness Avenue, Fifth Floor
San Francisco, CA 94102

Dear Commissioner Grueneich:

As has been recently reported, San Diego Gas and Electric (SDG&E), the Imperial Irrigation District (IID) and Citizens Energy Corporation (Citizens) recently entered into a partnership to bring into service a new 500 kV interconnection between the Imperial Valley substation and the Penasquitos substation in SDG&E's load center, consistent with SDG&E's Sunrise Powerlink application currently pending before the Commission. This partnership is embodied in a signed Memorandum of Agreement (MOA).

As outlined in the MOA, SDG&E will design, construct and own the Sunrise Powerlink 500 kV and 230 kV components from the existing Narrows substation to Penasquitos. IID and Citizens will construct and own the 500 kV line and related facilities between the Imperial Valley substation and Narrows. The MOA refers to this latter segment as the IID Green Path Southwest.

As you know, SDG&E requested a determination of need for the project from the CAISO in early January. The MOA with IID should facilitate a decision by the ISO board in the next few months.

Together, SDG&E, IID and Citizens envision the project completed by June 2010, enabling SDG&E to provide reliable electric service, renewable energy and reduced energy costs to its customers as laid out in the Sunrise Powerlink application.

Because land acquisition and construction takes two to three years from the time a license is granted, keeping the Commission proceeding on track for a decision in mid-2007 is critical. In light of this new development as well as SDG&E's recent selection of a preferred and alternate routes, we expect to amend our Sunrise application in the near

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future. Due to these recent events, we are open to following whatever regulatory process and procedural schedule that you believe will best ensure that we can still receive a CPUC decision by mid-2007. In the meantime, I would be happy to provide you with any additional information that you might find useful.

Sincerely,

A handwritten signature in cursive script that reads "Debra L. Reed".

Debra L. Reed

cc: President Michael Peevey
Commissioner Geoffrey Brown
Commissioner John Bohn
Commissioner Rachelle Chong
ALJ Kim Malcolm
Service List A.05-12-014

attachments