

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Duke Energy South Bay, LLC)

Docket No. ER06-115-000

**STATUS REPORT ON SETTLEMENT NEGOTIATIONS AND
REQUEST FOR CONTINUED DEFERMENT OF
THE APPOINTMENT OF A SETTLEMENT JUDGE**

**TO: The Honorable Curtis L. Wagner, Jr.
Chief Administrative Law Judge**

Pursuant to the *Order of Chief Judge Deferring Appointment of Settlement Judge*, issued on February 10, 2006 in the above-captioned proceeding, the California Independent System Operator (“CAISO”), acting for itself and on behalf of Duke Energy South Bay, LLC (“DESB”), San Diego Gas & Electric Company, and the California Electricity Oversight Board (collectively, the “Parties”) hereby submit this status report setting forth the progress made thus far in negotiating the outstanding issues in this proceeding.

On February 10, 2006, the Chief Judge granted the Parties’ request for deferral of the appointment of a settlement judge for thirty (30) days to allow time for the Parties to conduct informal settlement discussions. Over the past thirty days, the Parties have conferred regarding the outstanding issues in this proceeding and, currently are considering a settlement proposal. The Parties believe that additional time to continue informal settlement discussions would be useful.

Accordingly, the Parties hereby request that the Chief Administrative Law Judge defer appointment of a settlement judge in this proceeding for another thirty (30) days to allow the Parties to continue the negotiation process independently.

Respectfully submitted,

/s/ Karin L. Larson

Mary Anne Sullivan

Karin L. Larson

Hogan & Hartson L.L.P.

555 13th Street, N.W.

Washington, D.C. 20004

Counsel for

California Independent System

Operator Corporation

Dated: March 10, 2006

CERTIFICATE OF SERVICE

I hereby certify that I have this 10th day of March, 2006 caused to be served a copy of the forgoing Status Report upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

/s/Karin L. Larson
Karin L. Larson
Hogan & Hartson L.L.P.
555 13th Street, N.W.
Washington, D.C. 20004