

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

El Segundo Power, LLC) Docket No. ER05-363-000

JOINT STATUS REPORT ON SETTLEMENT NEGOTIATIONS

**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 June 3, 2005 in the above-captioned proceeding, the California Independent System Operator Corporation ("CAISO"), El Segundo Power, LLC ("El Segundo"), Southern California Edison Company ("SCE"), the California Electricity Oversight Board ("EOB"), and the California Public Utilities Commission ("CPUC") (collectively, the "Parties") 1/ submit this Status Report.

I. BACKGROUND

On December 21, 2004, El Segundo filed a proposed Reliability Must-Run Agreement ("RMR Agreement") with the CAISO for Contract Year 2005 for the El Segundo Units 3 and 4. On January 11, 2005, the CAISO, CPUC, SCE and EOB filed a Joint Protest raising several issues. On January 21, 2005, El Segundo filed an Answer to the Joint Protest.

On February 11, 2005, the Commission accepted for filing and suspended El Segundo's RMR Agreement. In addition, the Commission initiated

1/ The Parties have authorized the CAISO to file on their behalf this Joint Status Report.

settlement procedures pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2004). On February 22, March 25, April 22 and again on June 3, the Chief Judge granted the Parties' requests to defer appointment of a settlement judge to allow the Parties time to resolve the outstanding issues. The Chief Judge's June 3 Order requires the Parties to file a status report if no settlement has been filed by July 5, 2005.

II. STATUS REPORT

The Parties believe they have reached an agreement in principal and are in the process of drafting a settlement agreement. Accordingly, the Parties request that the Chief Judge allow the Parties thirty (30) days to draft and file a settlement agreement.

III. CONCLUSION

WHEREFORE, for the foregoing reasons, the Parties respectfully request that the Chief Judge defer action in this proceeding to allow the Parties thirty (30) days to file a settlement.

Dated: July 5, 2005

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Respectfully submitted

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CERTIFICATE OF SERVICE

I hereby certify that I have this 5th day of July, 2005 caused to be served a copy of the forgoing *Joint Status Report on Settlement Negotiations* upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

/s/ Sidney M. Davies
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