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Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
Dockets Room, Room 1A
888 First Street, N.E.
Washington, D.C. 20426

via electronic filing

RE: Palomar Gas Transmission, LLC
Docket No. CP09-35-000
Notice of Withdrawal of Certificate Application

Dear Ms. Bose:

On December 11, 2008, as revised December 12, 2008, Palomar Gas Transmission, LLC ("Palomar") filed with the Federal Energy Regulatory Commission ("Commission") an Application for a Certificate of Public Convenience and Necessity ("Application") for the Palomar Gas Transmission Project. Pursuant to Rule 216(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.216(a), Palomar herein files its Notice of Withdrawal ("Notice") of the Application, to be effective fifteen (15) days after the date of this filing, provided that no motion in opposition to the Notice is filed with the Commission.

Palomar is e-filing this information in accordance with the Commission's Order No. 703, *Filing Via the Internet* guidelines, issued in Docket No. RM07-16-000 on November 15, 2007. Copies of this filing are also being served on all parties of record via electronic mail.

Please direct any questions with respect to this filing to the undersigned at (866) 220-0268.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael B. Burke". The signature is written in a cursive, flowing style.

Michael B. Burke
General Manager

Attachment

cc: All Parties, Docket No. CP09-35

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Palomar Gas Transmission, LLC

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Docket No. CP09-35-000

NOTICE OF WITHDRAWAL
OF
PALOMAR GAS TRANSMISSION, LLC

Pursuant to Rule 216(a) of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.216(a), Palomar Gas Transmission, LLC ("Palomar") hereby files this notice of withdrawal of its abbreviated application for a certificate of public convenience and necessity authorizing the construction, operation, and ownership of the Palomar gas transmission system ("Palomar Project" or "Project") filed on December 11, 2008, as revised December 12, 2008.

As Palomar has previously communicated to the Commission in its reports of the status of the Palomar Project¹, the bankruptcy of NorthernStar Natural Gas Inc. ("NorthernStar") and the associated termination of the Bradwood Landing LNG project created uncertainties for Palomar that required resolution in order to determine a best path forward for the Project. The bankruptcy court decision in the fall of 2010 to terminate Palomar's precedent agreement with NorthernStar allowed Palomar to shift efforts on the west section of the proposed Project route to fully focusing on solidifying routing decisions and shipper support for the east section. These efforts have led to


¹ See Palomar Gas Transmission, LLC, Palomar Pipeline Project Status, letters dated July 6, 2010, October 22, 2010, and February 23, 2011 in Docket No. CP09-35.

significant progress in developing a regional solution to meet the need for additional natural gas transmission in the Pacific Northwest, to wit, an agreement with the Confederated tribes of the Warm Springs Reservation has secured a route for the east section that is shorter than the original proposed route, avoids an above-river crossing of the Deschutes River, and reduces Palomar's footprint within the Mt. Hood National Forest; Northwest Pipeline, the owner of the existing interstate pipeline serving Oregon and Washington, has expressed interest in becoming a part-owner in an integrated, regional project; and workshops with state utility commissions in Oregon and Washington yielded meaningful discussion of the region's future pipeline capacity needs and the growing reliance of the electric system on the natural gas system. In parallel to those efforts, Palomar has continued to work to ascertain the needs of potential shippers in the region that are interested in capacity on the Palomar Project's eastern route.

While Palomar continues to feel strongly that the development of an additional natural gas infrastructure project in Oregon is critical for future growth in the region, potential customers have recently indicated that a new pipeline will not be needed as soon as predicted due to the global recession and other factors. In consideration of this, and in assessing the progress made since the bankruptcy court ruling last fall, Palomar has determined that the most effective and efficient way to accommodate adjustments to the Project to meet the needs of potential customers and partners, including an improved east side route, is to file a new certificate application for an updated project in the future. As such, Palomar is hereby withdrawing its certificate application for the Palomar Project, without prejudice to Palomar's right to file a new application with the Commission fully describing the project proposal that it is currently working to solidify.

Palomar appreciates the work the Commission has put forth in reviewing and processing the Palomar Project certificate application. Due to the significant amount of time and effort already devoted to the Palomar Project by Commission Staff and other agencies and stakeholders, Palomar respectfully requests that the Commission preserve the record developed in this certificate proceeding for potential use in Palomar's future certificate application. Palomar anticipates that the future proposal will include the market solutions currently being pursued by Palomar and will incorporate material relating to the eastern section of the Palomar Project as currently included and supported in this proceeding. The preservation and use of this material will help to expedite the review of such a future application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael B. Burke". The signature is fluid and cursive, with a horizontal line drawn underneath it.

Michael B. Burke
General Manager