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December 4, 2008

File No. 039610-0003

VIA FEDEX

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 08-AFC-9
1516 Ninth Street, MS-4
Sacramento, California 95814-5512

DOCKET	
08-AFC-9	
DATE	<u>DEC 04 2008</u>
RECD.	<u>DEC 04 2008</u>

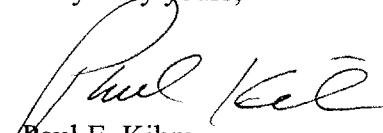
Re: City of Palmdale Hybrid Power Plant Project: Docket No. 08-AFC-9

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find Applicant's Response to Issues Identification Report.

Please note that the enclosed submittal was filed today via electronic mail to your attention and to all parties on the attached electronic proof of service list.

Very truly yours,


Paul E. Kihm
Senior Paralegal

Enclosure

cc: 08-AFC-9 Proof of Service List (w/encl. via e-mail)
Michael J. Carroll, Esq. (w/encl.)

Michael J. Carroll
Marc T. Campopiano
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STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:)	Docket No. 08-AFC-09
)	
Application for Certification,)	APPLICANT'S RESPONSE TO ISSUES
for the PALMDALE HYBRID POWER)	IDENTIFICATION REPORT
PROJECT)	
by the City of Palmdale)	
_____)	

Applicant hereby responds to the California Energy Commission staff's Issues Identification Report dated December 2, 2008.

Air Quality

Applicant appreciates staff's identification of emission offsets as a potentially significant issue in light of the recent court ruling temporarily precluding the availability of offsets from the South Coast Air Quality Management District Priority Reserve. However, as indicated in the Issues Identification Report, Applicant has undertaken efforts to secure alternative sources of emission offsets, and is confident that if offsets continue to be unavailable from the Priority Reserve, it will be able to secure sufficient offsets from such alternative sources.

Land Use

Applicant acknowledges the need to secure right of way for the transmission line, and the potential for this process to affect the project schedule if it is not undertaken in a timely fashion. Applicant assumes that the information requested in the Issues Identification Report will also be included in data requests, and Applicant is prepared to provide such information in response.

Aviation Safety

Applicant appreciates the need to evaluate aviation safety in light of the proximity of Plant 42 and the Palmdale Regional Airport. Applicant engaged in pre-application discussions with these entities regarding the project, and is confident that the project will not adversely affect these operations. The developer of the project, Inland Energy, has experience siting a virtually identical project in close proximity to airport operations, which was recently approved by the California Energy Commission (Victorville 2 Hybrid Power Project).

Other Subject Areas

Applicant concurs that there are no major issues in any other subject areas.

DATED: December 4, 2008

Respectfully submitted,



Michael J. Carroll
of LATHAM & WATKINS LLP

**STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

In the Matter of:)	Docket No. 08-AFC-9
)	
Application for Certification, for the CITY OF PALMDALE HYBRID POWER PLANT PROJECT)	ELECTRONIC PROOF OF SERVICE LIST
)	
)	(Revised August 4, 2008]
_____)	

Transmission via electronic mail and by depositing one original signed document with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the following:

DOCKET UNIT

CALIFORNIA ENERGY COMMISSION

Attn: DOCKET NO. 08-AFC-9
1516 Ninth Street, MS-15
Sacramento, California 95814-5512
docket@energy.state.ca.us

Transmission via electronic mail addressed to the following:

APPLICANT

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PALMDALE HYBRID POWER PROJECT
CEC Docket No. 08-AFC-09

Laurie Lile

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PALMDALE HYBRID POWER PROJECT
CEC Docket No. 08-AFC-09

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DECLARATION OF SERVICE

I, Paul Kihm, declare that on December 4, 2008, I deposited a copy of the attached:

APPLICANT'S RESPONSE TO ISSUES IDENTIFICATION REPORT

with FedEx overnight mail delivery service at Costa Mesa, California with delivery fees thereon fully prepaid and addressed to the California Energy Commission. I further declare that transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service List above.

I declare under penalty of perjury that the foregoing is true and correct. Executed on December 4, 2008, at Costa Mesa, California.



Paul Kihm