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June 30, 2009

DOCKET	
08-AFC-9	
DATE	<u>June 30 2009</u>
RECD.	<u>June 30 2009</u>

File No. 039610-0003

VIA FEDEX

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


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 Responses to CEC Staff Status Report 4.

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 and U.S. Mail)
Michael J. Carroll, Esq. (w/encl.)

Michael J. Carroll
Marc T. Campopiano
LATHAM & WATKINS LLP
650 Town Center Drive, Suite 2000
Costa Mesa, CA 92626
(714) 540-1235

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:) Docket No. 08-AFC-9
)
APPLICATION FOR CERTIFICATION,)
FOR THE PALMDALE HYBRID POWER) RESPONSES TO CALIFORNIA ENERGY
PROJECT BY THE CITY OF PALMDALE) COMMISSION STAFF STATUS REPORT 4
)
)
_____)

On June 10, 2009, Energy Commission Staff issued its Status Report 4 describing a number of issues that Staff believes require further resolution before it can issue a Preliminary Staff Assessment (“PSA”) for the Palmdale Hybrid Power Project (“PHPP”) (08-AFC-9). On behalf of the City of Palmdale (“Applicant”), we hereby respond to the issues identified by the Staff. As set forth in detail below, sufficient information has been provided to allow Staff to produce the PSA.

Air Quality

Status Report 4 raises several potential concerns about the Applicant’s offset strategy. Some of these concerns were also expressed by the U.S. Environmental Protection Agency (“EPA”) in a March 19, 2009 letter to the Antelope Valley Air Quality Management District (“AVAQMD”). These issues have been addressed by Applicant’s previous submittals, and the revised Preliminary Determination of Compliance (“PDOC”) issued by AVAQMD on June 22, 2009 (initial version issued on February 12, 2009). For the reasons provided below, Staff has adequate information to assess PHPP’s potential air quality impacts based on Applicant’s proposed offset package.

1. PHPP's Proposed NO_x and VOC Offset Strategy Complies With AVAQMD Rules and State Law

As Staff knows, Applicant originally planned to obtain VOC offsets from the South Coast Air Quality Management District Priority Reserve to offset VOC and NO_x emissions. (PHPP Application For Certification, p. 5.2-80.) Although a court decision has rendered the Priority Reserve credits currently unavailable, the Applicant does not need to rely on the Priority Reserve to offset PHPP emissions.

As Applicant has previously communicated to Staff, Applicant has identified ample emission reduction credits ("ERCs") created in the San Joaquin Valley Air Pollution Control District ("SJVAPCD") that are currently available and would be suitable to offset PHPP's VOC and NO_x emissions. (See Applicant's Response to Data Request No. 98, dated May 1, 2009; Applicant's Supplemental Response to February 4, 2009 Workshop PDOC, p. 13; see also Letter From Alan DeSalvio, Supervising Air Quality Engineer for the AVAQMD, to Michael Carroll, Latham & Watkins, April 28, 2009 (the "Alan De Salvio Letter" – included as Attachment A) [concurring on the validity and viability of Applicant's offset strategy].) Applicant is moving forward with the offset strategy of obtaining SJVAPCD-based ERCs. (See PDOC, p. 13.)

Use of SJVAPCD-based ERCs to offset PHPP emissions must comply with the inter-basin, inter-district transfer requirements established in AVAQMD Rule 1305 and California Health & Safety Code 40709.6. (See PDOC, p. 14; Applicant's Response to Data Request Nos. 98 and 99.) Accordingly, the AVAQMD and SJVAPCD Governing Boards would have to approve the transfer pursuant to Health & Safety Code Section 40709.6(d). Although Applicant obviously cannot guarantee such approval will occur, Applicant's investigations support a determination that the SJVAPCD-based ERCs are a viable offset option and that other offset transfers have occurred from the SJVAPCD to the Mojave Desert Air Basin (MDAB). (See, e.g., Alan De Salvio Letter.) The AVAQMD Air Pollution Control Officer must also consult with the California Air Resources Board ("CARB") and the U.S. Environmental Protection Agency ("EPA") before approving any inter-basin, inter-district transfers, but no formal approval by CARB or the EPA is required. (See AVAQMD Rule 1305(B)(5)(a)(i) [emphasis added].)

Status Report 4 raises three other potential concerns that have already been resolved. First, Staff suggests that additional rulemaking is required by AVAQMD pursuant to Health & Safety Code § 40709.6(c), but AVAQMD Rule 1305(c)(3) already satisfies this provision by establishing the appropriate inter-district offset ratio. There is no requirement for CARB or the EPA to approve such offset ratios. Next, Staff suggests that the AVAQMD would have to revise its ozone attainment plan to demonstrate the net air quality benefit of the SJVAPCD-based ERCs. The AVAQMD has addressed this issue in the PDOC, confirming that:

San Joaquin Valley Air Basin ha[s] been determined to be a source of overwhelming transport of air pollution into the Mojave Desert Air Basin by CARB; overwhelming in the sense that local emissions are overwhelmed by South Coast and San Joaquin Valley Air Basin emissions being transported into the local area. The nature of the ozone problem at the project site (and within the entire AVAQMD federal ozone attainment area) is a function of ozone and ozone precursor emissions from the SCAQMD and SJVAPCD. The regional nature of

the AVAQMD ozone problem has been explicitly and implicitly recognized by both districts, CARB and USEPA since the mid 1990s, as ozone State Implementation Plans (“SIPs”) submitted and approved by all four agencies include a “but for” attainment demonstration for the AVAQMD. This attainment demonstration indicates that the AVAQMD would be in attainment “but for” ozone and ozone precursors originating within the SCAQMD and SJVAPCD, and that ozone precursor emission reductions within the SCAQMD and SJVAPCD are necessary for the AVAQMD to demonstrate attainment of the Federal standard. **The reduction of ERCs within the SCAQMD or SJVAPCD and their consumption within the AVAQMD represents a reduction in potential upwind ozone precursors, in direct support of regional ozone attainment efforts.**

(PDOC, pp. 14-15 [internal citations omitted; emphasis added].) Lastly, Staff raises concerns that the inter-pollutant offset ratio of 1.6:1 for VOC to NO_x is not technically justified. Although Applicant may not agree with Staff on this technical point, the issue is moot because Applicant is not currently proposing the use of inter-pollutant offsets for ozone precursors. (See Applicant’s Response to Data Request Nos. 98 and 99; Applicant’s Supplemental Response to February 4, 2009 Workshop.) Given the foregoing, Applicant has demonstrated that the PHPP will comply with AVAQMD Rule 1305 and California Health & Safety Code 40709.6.

It is true that Applicant has not yet contracted for the specific SJVAPCD-based ERCs that will be acquired to offset PHPP emissions. Given rising emission offset prices throughout most of California, including in the SJVAPCD, holders of ERCs are no longer willing to enter into relatively long-term option contracts. Furthermore, the current costs of emission offsets makes it economically impossible for project applicants to secure them outright before they are confident of receiving project approval and have obtained project financing. Nevertheless, the fact that the Applicant does not have an ownership interest in any specific SJVAPCD-based ERCs does not limit the ability of the Staff to analyze the effectiveness of such emission offsets in mitigating project impacts and complying with applicable requirements.

2. PHPP Does Not Require PM₁₀ ERCs under the Federal New Source Review (NSR) Program

Status Report 4 raises several potential concerns regarding Applicant’s PM₁₀ offset strategy that have been previously addressed by Applicant submittals and the revised PDOC. Applicant has proposed generating PM₁₀ ERCs by paving roads similar to the methodology approved for the Victorville 2 Hybrid Power Plant (07-AFC-1). (See Applicant’s Response to Data Request No. 102; Applicant’s Supplemental Response to February 4, 2009 Workshop.) The AVAQMD may establish a rule modeled after the Mojave Desert AQMD Rule 1406, which was patterned after a similar rule for Maricopa County, Arizona Air Quality Department and has been approved by EPA. However, as the AVAQMD noted in the PDOC, those rules were only required by the EPA because those areas were classified as non-attainment for the Federal PM₁₀ standards. (PDOC, p. 16.) For the PHPP, because the AVAQMD has not been designated as Federal non-attainment for PM₁₀, PHPP does not require any PM₁₀ ERCs under the Federal NSR Program, so a rule under the Federal NSR Program would not be required. (See *id.*) AVAQMD considers its existing credit generation rules to be adequate to approve road paving

ERCs to meet State PM10 non-attainment requirements.

Regardless of whether a rule is required or when it would be adopted, there is no requirement that the rule (if needed) must be in place for Staff to complete its review of the PSA. The PM10 offsets have been identified with a reasonable degree of certainty and the AVAQMD has concurred on the validity and viability of the Applicant's offset plan. (See Alan De Salvio Letter.) Applicant provided detail regarding the actual segments of roads that would be paved in its response to Data Request No. 103. Applicant also provided the methodology for calculating the reductions that would occur from the road-paving activities in its response to Data Request No. 104. Finally, the proposal is virtually identical to that analyzed by Staff and approved by the Commission in connection with the Victorville 2 Hybrid Power Project (07-AFC-1).

Biological Resources

Status Report 4 states that Data Responses 3, 4, 5, 6, 7, 10, 131, 132 and 133 are "incomplete or contain items and issues that are unresolved." The Status Report, however, does not explain either how the responses are incomplete or what issues remain unresolved. It states only that "CDFG has asked questions relating to most of these items, including the proposed location of transmission towers and the transmission line route. An alteration of the transmission line route currently presented in the AFC would require new spring surveys for rare plant and animal species."

Staff seems to be assuming that the location of the proposed transmission line will change. However, Applicant has not proposed any alteration to the proposed transmission line route that has not been surveyed. Accordingly, the responses already provided to the CEC pertaining to the transmission line route and tower locations remain complete and current. On June 10, 2009, CDFG submitted a letter to the City of Palmdale providing comments on the Project's incidental take permit for Mohave ground squirrel (MGS) and on Project biological impacts generally. While we disagree with the perception that the proposed transmission line route may change subject to SCE review, neither the CDFG letter nor any of the Applicant's reports or studies present any findings that there will be a significant, unmitigated impact associated with the proposed transmission line route. The Project Applicant is preparing a separate response to the CDFG letter.

The following reiterates Applicant's previous responses to the individual Data Requests referenced in Status Report 4:

- Data Request 3 – On June 2, 2009, Applicant submitted a supplemental response to Data Request 3, entitled "PHPP Inventory Report for Joshua Trees and California Junipers, City of Palmdale Native Desert Vegetation Ordinance." Previously, on January 12, 2009, Applicant provided a Conceptual Landscaping Plan as required by the City of Palmdale's ordinance. As required by the City's ordinance, the Long Term Maintenance Plan will consist of providing adequate water to transplanted Joshua trees that are used for landscaping around the PHPP perimeter for a period of up to two years. It's our understanding that Staff

contacted the City and was told that the City was in agreement with the Inventory Report and site plan.

- Data Request 4 – The preliminary wetlands delineation report, including groundtruthing of the pole locations, was docketed on April 9, 2009.
- Data Request 5 – Please see response provided to the CEC on May 1, 2009. On June 9, 2009, Applicant confirmed with the U.S. Army Corps of Engineers (“USACE”) that a “no permit required” letter will be issued by USACE for the PHPP upon receipt of conceptual drawings depicting the methodology for crossing jurisdictional waters (see attached record of conversation in Attachment B). A follow-up meeting will be held with USACE, if necessary, to review the diagrams, and it is anticipated that the USACE will issue the “no permit required” letter shortly thereafter.
- Data Request 6 – Please see response provided to the CEC on May 1, 2009. Applicant is awaiting a response from the CDFG to its request for concurrence that the Project will not impact waters of the State.
- Data Request 7 – As indicated previously in responses to Data Requests 5 and 6 above, the Project is not anticipated to have any impacts on waters of the United States or the State. Therefore, no permits are required from USACE, CDFG or RWQCB.
- Data Request 130 – Please see response provided to CEC on May 1, 2009, and the response to Data Request 3 above. The conceptual landscape plan was contained in the Data Request responses (response 80) docketed on January 12, 2009. Further development of this plan is not anticipated until finalization of the Project design after licensing. The City concurs that the Plan submitted is sufficient to meet the requirements of its ordinance.
- Data Request 131 – Please see response provided to the CEC on May 1, 2009. Applicant is continuing to identify suitable mitigation lands in the Project vicinity, in coordination with CDFG, which will provide mitigation for impacts to Joshua tree woodlands.
- Data Request 132 – Please see response provided to the CEC on May 1, 2009, and response to Data Requests 5 and 7 above.
- Data Request 133 – Please see response provided to the CEC on May 1, 2009. Development of a raven management plan is not currently anticipated.

Cultural Resources

Status Report 4 indicates that Staff requested additional information on April 28, 2009 related to cultural specialists’ site visit on April 23, 2009 regarding potentially eligible cultural

resources that could be impacted by the Project. Further, the Report indicates that Staff is still working with the Applicant to obtain clarification on these responses. However, the later statement is outdated. Applicant provided a complete response to Staff's Informal Data Requests 1, 2, and 3 on May 15, 2009. Applicant assumes that the responses provided all of the information needed for these requests, as the Applicant has not gotten any further questions about them subsequent to submittal. The information provided demonstrated that the cultural resources were not eligible and further that they would not be impacted by the PHPP.

Although not mentioned in Status Report 4, Applicant addressed clarifications requested for the Geoarchaeology Study submitted on May 1, 2009 in response to Data Request 137. Staff sent an Informal Data Request on May 20, 2009 with some questions about this Study. Applicant's consultants discussed the questions with Staff on a conference call on June 2, 2009. Detailed responses were docketed on June 24, 2009.

Transmission System Engineering

Status Report 4 indicates that Staff has not been able to ascertain if the proposed interconnection is acceptable to transmission "owners", i.e., SCE and CDWR. As an initial matter, as has been stated in prior submittals, CDWR is not a transmission line "owner," but is an SCE customer. As shown below, Applicant has worked extensively with SCE and has had several discussions with CDWR and LADWP.

In Data Request 144, Staff requested evidence that SCE was informed of and agreed to the proposed changes to the Pearblossom-Vincent 230 kV line and possible interruption to the normal operation of the existing 230 kV circuit. We believe our response demonstrates that both the CDWR and SCE were informed of the Applicant's proposed interconnection plans and that they were in ongoing discussions with Applicant to ensure their needs and concerns were adequately addressed. This active and ongoing coordination and transfer of technical information between Applicant, SCE, and the CDWR, was demonstrated via the inclusion of several emails to and from SCE and the CDWR which were provided as attachments to the Data Request responses. In addition, Applicant provided email documentation of a meeting with Mr. Paul Sindelar, SCE Senior Project Manager responsible for the proposed interconnection with PHPP, held on April 14, 2009, the express purpose of which was to discuss the Vincent-Pearblossom 230 kV interconnection. Applicant would also like to point out that representatives of both SCE (Rob Tucker) and the CDWR (Rick Buckingham) were represented at the CEC's Workshop on February 4, 2009 in Palmdale, where the issue of transmission interconnection came up and Mr. Buckingham acknowledged, in Staff's presence, that the CDWR had already been notified by Applicant of the proposed interconnection and that discussions were in progress with Applicant on the development of an agreement to address CDWR concerns over PHPP interconnection.

Data Request 145 indicated that SCE and LADWP should be informed of the proposed transmission line crossing and requested a description of the proposed change. Applicant provided Staff with the requested information on the proposed transmission tower replacement and reconductoring details, including a description of conductor types, sizes, and lengths. In our responses to Data Requests 145 and 146, Applicant provided detailed information on existing pole configurations, heights, types, and transmission line clearances, and discussed the feasibility

of crossing the double-circuit 230 kV lines and towers under the existing 500 kV lines in the vicinity of the Pearblossom substation. We provided further evidence via an email of a meeting held by Applicant with SCE in their Rosemead corporate offices, again demonstrating that not only were these entities appropriately and adequately notified, but that the interconnection discussions were actively being held, and were scheduled to continue on a regular basis. It is, therefore, inaccurate for Staff to claim that the information the Applicant-provided lacked specificity and corroboration from the SCE, as our discussions with them were quite specific to the proposed transmission line routing and interconnection issues, and were amply corroborated by the SCE in emails provided to Staff. The proposed PHPP line will follow the same route that the existing CDWR line does and, therefore, it will cross LADWP and SCE lines in the about the same location and in the same general configuration as the existing line – i.e., no new unique issues are expected here.

In order to further lessen Staff's concerns over the specificity of the information and the Applicant's corroboration with SCE, it should be noted that in the last few months the Applicant's engineers have been working closely with SCE to obtain a Facility Study and a Right-of-Way ("ROW") Study regarding the proposed transmission line route. As detailed in SCE's June 29, 2009 letter to Terry O'Brien, SCE has recently conducted a limited internal review ("LIR") of the City of Palmdale's proposed use of the Pearblossom – Vincent ROW. During its LIR, SCE did not find any immediate items that would indicate that the proposed use of the ROW is unacceptable. Some concerns were raised, but these are expected to be addressed in a systematic and coordinated manner as detailed in SCE's letter. Please note that the Applicant's developer has been in intensive and ongoing communication and negotiations with SCE to secure the Facility Study for Staff review as soon as possible. SCE indicated in its letter that a draft of the Facility Study will be provided to the California Independent System Operator for review by July 31, 2009.

Data Request 146 requested that Applicant provide evidence that CDWR agrees with changes proposed to Vincent – Pearblossom line and any service interruptions. CDWR has requested Conditions of Certification that will provide them with assurance that the Pearblossom pumping station will not be adversely affected by the PHPP interconnection. Applicant suggests that Staff propose conditions akin to the ones suggested by CDWR in the PSA for consideration by the parties. Applicant believes that final resolution of the interconnection plan need not be a precondition for issuance of the PSA, and instead can wait until it is further resolved, if needed, in the FSA. The ROW Study and the soon to be released Facility Study are expected to address CDWR and SCE concerns related to the proposed 230 kV transmission line interconnection to the Vincent Substation.

Staff indicates that it cannot complete its technical assessments without seeing explicit approval or corroboration of the transmission line route from SCE. As noted above, Applicant has been diligently working with SCE to obtain the Facility and ROW Studies, but we do not feel a delay in its receipt should be an impediment to moving forward with the analysis of the route as proposed in the PSA. Applicant has provided biological and cultural survey reports, land use information, etc. for the transmission line route proposed by Applicant. Applicant does not expect that the route will change subsequent to SCE's completion of the Facility Study, but if slight adjustments are needed, then those changes can be addressed in the FSA.

Soil and Water

While it is not prudent for Applicant to enter into a formal agreement with the County of Los Angeles or any other entity prior to receiving a final CEC license, Applicant has attached letters (see Attachment C) from the two principal reclaimed water supply agencies in Palmdale and Lancaster to demonstrate the County's acknowledgement and understanding of the Project, and their willingness to enter into a reclaimed water sales agreement at the appropriate time. Applicant has been in ongoing consultations with the Los Angeles County Sanitation District and the Los Angeles County Waterworks District regarding the proposed use of reclaimed water to satisfy PHPP cooling water needs since November 2008. The Palmdale Wastewater Reclamation Plant ("PWRP") tertiary treatment facility, which is currently under construction and rated to treat 13,200 acre feet per year ("AFY") to CCR Title 22 standards, has made available to the Applicant a minimum of 3,400 AFY of reclaimed water for non-potable cooling water use at PHPP as part of the quantity allotted to Waterworks District 20 (PWRP) under their existing contract. Another 2,200 AFY of tertiary treated water has been made available to the PHPP as part of the quantity allotted to County Sanitation District 40 (Lancaster Wastewater Reclamation Plant - "LWRP"). Work on the LWRP is still progressing and should be completed in late 2010; Lancaster's backbone design is 90% complete and is scheduled to go out to bid in March 2010. Additional details of planned tertiary treatment production quantities may be found in the Applicant's response to Data Request 53.

Mr. Thomas LeBrun, Head of the Sanitation District's Facilities Planning Department, states in the attached Los Angeles County Sanitation letter that construction of the PWRP tertiary treatment facility is expected to be completed in July 2011, which is many months prior to the proposed PHPP startup in the summer of 2013, thus guaranteeing a timely supply of reclaimed water well in advance of the facility's start-up. Moreover, Applicant recently received a confirmatory email from Mr. Dan Lafferty of the Los Angeles County Waterworks District, reiterating their commitment to provide tertiary treated water to satisfy the non-potable demands of the PHPP, and reconfirming construction completion of the reclaimed water supply system by the end of 2011, provided the shared funding agreement between the City of Palmdale and the Waterworks District is executed as scheduled by the end of 2009 (see email, Lafferty to Phair, in Attachment C). At this point in time, Applicant strongly believes the funding agreement will be executed as planned. Applicant and the Waterworks District are currently working on a final agreement for the recycled water line to provide service to the power plant. A copy of the agreement is expected to be docketed with the CEC upon its formal approval in September 2009.

Applicant has formally informed the Regional Water Quality Control Board Lahontan Region ("RWQCB-LR") of the proposed use of reclaimed water for cooling water at the PHPP, and has been in ongoing consultations with RWQCB-LR on this issue. In addition, we recently initiated consultation with Mr. Chi Diep of the Los Angeles field office of the Department of Health Services (now known as the California Department of Public Health - "CDPH"). Applicant intends to operate PHPP in accordance with all DHS (CDPH) reclaimed water requirements.

Visual Resources

Staff indicated for the first time in Status Report 4 that a revised simulation of KOP 1

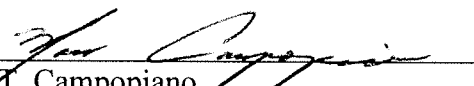
would be needed to analyze the value of proposed vegetative screening to reduce potential visual impacts along E. Avenue M. Attachment D, included at the end of this document, provides a revised visual simulation of KOP-1, demonstrating that the PHPP facility's solar mirrors will be completely screened from view from the street behind an eight foot infiltration basin berm that will run along the entire northern perimeter fence line of the plant along East Avenue M. The street right of way and berm will be landscaped with desert vegetation, including Joshua trees, Cholla cacti, and other native vegetation, as shown in the simulation. Since Applicant proposes to transplant mature Joshua trees that have been removed from the interior of the site and stored during construction, it should not be necessary to show the simulation for an intermediary 5-year view.

Schedule

For the reasons stated above, the majority of the issues raised in Staff's Status Report 4 have already been addressed by the Applicant in previous data responses. Applicant is continuing to diligently pursue resolution of the few remaining items, but Staff can proceed (and typically has proceeded) with its PSA while these efforts are underway. As the title indicates, the PSA is *preliminary*, and it is not necessary for every outstanding issue to be resolved prior to its issuance. In fact, one of the purposes of the PSA is to frame any outstanding issues that require resolution prior to issuance of the Final Staff Assessment. The PSA should not be delayed any further. At Applicant's request, the Hearing Officer set a scheduling conference for July 9, 2009, to consider revising the PHPP schedule. We look forward to the Committee establishing a revised schedule for the PHPP that includes expeditious issuance of the PSA.

DATED: June 30, 2009

Respectfully submitted,


Marc T. Campopiano
LATHAM & WATKINS LLP
Counsel to Applicant

ATTACHMENTS

- A. Alan DeSalvio Letter
- B. Record of Conversation with U.S. Army Corps of Engineers
- C. Reclaimed Water Commitment Letters from Los Angeles County Districts 20 and 40
- D. Revised Visual Resources KOP-1 Simulation with berm and vegetative screening

Attachment A
Alan DeSalvio Letter



Antelope Valley Air Quality Management District
43301 Division St., Suite 206
Lancaster, CA 93535-4649

661.723.8070
Fax 661.723.3450

Eldon Heaston, Executive Director

April 28, 2009

Michael J. Carroll
Latham & Watkins LLP
650 Town Center Drive, 20th Floor
Costa Mesa, CA 92626-1925

Re: Palmdale Hybrid Power Plant Project Emission Reduction Credit Strategy

Dear Mr. Carroll:

The Antelope Valley Air Quality Management District (District) has reviewed your April 24, 2009 correspondence presenting an emissions offset strategy for the proposed Palmdale Hybrid Power Plant Project, on behalf of the City of Palmdale. The District concurs that the emissions offset strategy presented in that correspondence (essentially the use of ozone precursors transferred from the San Joaquin Valley Air Pollution Control District and the use of PM₁₀ reductions generated from the paving of local existing unpaved roads) is valid and viable.

If you have any questions regarding this letter, please contact me at (760) 245-1661, extension 6726.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. De Salvio". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Alan J. De Salvio
Supervising Air Quality Engineer

AJD PHPPOffsetStrategy.doc

Attachment B
Record of Conversation with USACE



June 9, 2009

Palmdale Hybrid Power Project

The following provides a description of a discussion between Nick Ricono (AMEC), Kim McCormick (Law Offices of Kim McCormick) and Phuong Trinh (U.S. Army Corps of Engineers [USACE]-Los Angeles District).

Topic: Request for a no permit required letter from the USACE

Cover letter and Preliminary Jurisdictional Determination Report (PJD) was submitted to the USACE April 13, 2009 requesting that the USACE provide written confirmation that a Section 404 permit is not required for this project.

Phuong Trinh stated that the USACE requires additional information regarding the avoidance measures to be implemented to show how impacts within the Ordinary High Water Mark (OHWM) are going to be avoided.

Nick Ricono stated that diagrams of typical directional drilling or boring operations beneath waterways could be shown to identify methods of avoidance for pipeline construction. Figures provided in the PJD could be altered to identify (based on aerial photographs) which washes would be bored during pipeline construction in order to avoid OHWM.

Phuong requested that at least one diagram show transmission line pole locations in reference to a wash that would be used to show avoidance of OHWM during transmission line construction.

Nick Ricono stated that these items could be supplied as an addendum to the original submittal.

Attachment C
Correspondence From Water Agencies



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

1955 Workman Mill Road, Whittier, CA 90601-1400
Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998
Telephone: (562) 699-7411, FAX: (562) 699-5422
www.lacsd.org

STEPHEN R. MAGUIN
Chief Engineer and General Manager

June 17, 2009

Mr. Gordon Phair
City of Palmdale
Department of Public Works
38250 Sierra Highway
Palmdale, CA 93550

Dear Mr. Phair:

Palmdale Water Reclamation Plant and Availability of Recycled Water

County Sanitation District No. 20 of Los Angeles County owns and operates the Palmdale Water Reclamation Plant (WRP). The District's Board of Directors certified the Environmental Impact Report and approved a Master Facilities Plan in October 2005 that called for construction of tertiary treatment at the Palmdale WRP to produce recycled water in compliance with California Code of Regulations, Title 22. Construction of the tertiary treatment facilities began in September 2008 and is scheduled to be complete in July 2011. The rated capacity of the Palmdale WRP is 12 million gallons per day (13,200 acre-feet per year) and the plant currently treats 9 million gallons per day.

Sanitation District No. 20 and Sanitation District No. 14 are party to an Agreement with Los Angeles County Waterworks District No. 40 to provide up to 13,500 acre-feet per year of recycled water to a regional distribution system that will serve the cities of Palmdale and Lancaster and other unincorporated portions of Antelope Valley.

Your request for 3,400 acre-feet per year of recycled water for the Palmdale Hybrid Power Plant can be made available as part of the quantity allotted to County Waterworks under the existing contract.

Please contact me at (562) 908-4288, extension 2751, if you have any questions.

Very truly yours,

Stephen R. Maguin

Thomas J. LeBrun
Department Head
Facilities Planning Department

TJL:ddg

cc: R. Tremblay
A. Ariki, Waterworks District No. 40

From: Lafferty, Dan [mailto:DLAFF@dpw.lacounty.gov]
Sent: Thursday, June 18, 2009 8:30 AM
To: Gordon Phair
Cc: Tony Penna; Ariki, Adam; Rydman, David; Mike Mischel
Subject: RE: CEC Request

In the attached letter dated November 24, 2008, the Waterworks Districts expressed its commitment to providing tertiary treated water to the Palmdale Hybrid Power Plant. The Waterworks District remains committed to providing tertiary treated water to satisfy nonpotable demands at the Palmdale Hybrid Power Plant. We expect to complete construction of the supply system needed to serve the plant by the end of 2011, provided the shared funding agreement between the City of Palmdale and the Waterworks Districts is executed as scheduled by the end of 2009.

Attachments: kkaji - 06-15-09 - APVDZMK.PDF

From: Gordon Phair [mailto:GPhair@cityofpalmdale.org]
Sent: Monday, June 15, 2009 11:41 AM
To: Lafferty, Dan
Cc: Tony Penna; Ariki, Adam; Rydman, David; Mike Mischel
Subject: FW: CEC Request

Dan,

As per our phone conversation this morning, the California Energy Commission has requested the City obtain a letter of commitment from Waterworks stating that you will provide tertiary treated water to the Palmdale Hybrid Power Plant, on the condition, that the City participates in the construction of the Antelope Valley Backbone Phase 2. Please make note in the letter that the design of the recycled water backbone will be underway in July and the anticipated completion date of the backbone is the end of 2011.

The City would very much appreciate it if you could provide us this letter by the end of the week, so this issue will not delay our permitting process. Thank you.

Gordon L. Phair, P.E.
Senior Civil Engineer

City of Palmdale Public Works Program Management
38250 N. Sierra Hwy
Palmdale, CA 93550
(661) 267-5310 Fax (661) 267-5322
www.cityofpalmdale.org



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

DEAN D. EFSTATHIOU, Acting Director

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

November 24, 2008

IN REPLY PLEASE

REFER TO FILE: **WW-3**

Mr. Steve H. Williams
City Manager
City of Palmdale
38250 North Sierra Highway
Palmdale, CA 93550-4798

Dear Mr. Williams:

LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40, ANTELOPE VALLEY RECYCLED WATER FOR USE AT FUTURE PALMDALE POWER PLANT

As requested, this letter serves as a commitment from the Los Angeles County Waterworks District No. 40, Antelope Valley (District), to provide tertiary recycled water to the proposed Palmdale Power Plant located south of Avenue M and 10th Street East in Palmdale.

Per your November 1, 2005, letter to us, the estimated recycled water demand for the Power Plant is 2.2 million gallons per day. The District signed an agreement with the County Sanitation Districts of Los Angeles County early in 2008 to supply the District with tertiary treated recycled water that will allow us to supply the needed demand for the Palmdale Power Plant.

We hope that this letter of commitment is helpful in your planning process. If you have any questions, please contact Mr. Adam Ariki at (626) 300-3302.

Very truly yours,

DEAN D. EFSTATHIOU
Acting Director of Public Works

GE:dv

C:\Documents and Settings\csmith\Local Settings\Temporary Internet Files\OLK258\Future Power Plant (4).doc

Attachment D
Revised KOP-1 Simulation including berm and vegetative screening



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

In the Matter of:)	Docket No. 08-AFC-9
)	
Application for Certification,)	PROOF OF SERVICE
for the CITY OF PALMDALE HYBRID)	
POWER PLANT PROJECT)	(Revised June 30, 2009)
)	
_____)	

APPLICANT

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

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Jeffrey D. Byron

Commissioner and Presiding Member

CALIFORNIA ENERGY COMMISSION

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Sacramento, California 95814-5512

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

Arthur H. Rosenfeld

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DECLARATION OF SERVICE

I, Paul Kihm, declare that on June 30, 2009, I served and filed copies of the attached:

RESPONSES TO CALIFORNIA ENERGY COMMISSION STAFF STATUS REPORT 4

to all parties identified on the Proof of Service List above in the following manner:

California Energy Commission Docket Unit

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

CALIFORNIA ENERGY COMMISSION

Attn: DOCKET NO. 08-AFC-09
1516 Ninth Street, MS-4
Sacramento, California 95814-5512
docket@energy.state.ca.us

For Service to All Other Parties

- Transmission via electronic mail to all email addresses on the Proof of Service list; and
- by depositing one paper copy with the United States Postal Service via first-class mail at Costa Mesa, California, with postage fees thereon fully prepaid and addressed as provided on the Proof of Service list to those addresses **NOT** marked "email preferred."

I further declare that transmission via electronic mail and U.S. Mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210.

I declare under penalty of perjury that the foregoing is true and correct. Executed on June 30, 2009, at Costa Mesa, California.



Paul Kihm