

LATHAM & WATKINS LLP

650 Town Center Drive, 20th Floor
Costa Mesa, California 92626-1925
Tel: (714) 540-1235 Fax: (714) 755-8290
www.lw.com

FIRM / AFFILIATE OFFICES

Barcelona New Jersey
Brussels New York
Chicago Northern Virginia
Frankfurt Orange County
Hamburg Paris
Hong Kong San Diego
London San Francisco
Los Angeles Shanghai
Madrid Silicon Valley
Milan Singapore
Moscow Tokyo
Munich Washington, D.C.

February 1, 2007

File No. 037484-0006

VIA FEDEX

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 06-AFC-4
1516 Ninth Street, MS-4
Sacramento, California 95814-5512

DOCKET	
06-AFC-4	
DATE	<u>FEB 01 2007</u>
RECD.	<u>FEB 01 2007</u>

Re: Vernon Power Plant Project: Docket No. 06-AFC-4

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find a copy of Applicant's Status Report #2.

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

Very truly yours,



Paul E. Kihm
Senior Paralegal

Enclosure

cc: CEC 06-AFC-4 Proof of Service List (w/ encl.)
Michael J. Carroll, Esq. (w/ encl.)

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:)	Docket No. 06-AFC-4
)	
Application for Certification, for the VERNON POWER PLANT PROJECT by The City of Vernon)	APPLICANT'S STATUS REPORT #2
)	
)	
)	

This Status Report #2 is submitted pursuant to the Committee Scheduling Order dated November 13, 2006.

Discovery Status

Applicant submitted Data Response Set 1C on January 24, 2007.

Air Quality

On January 11, 2007, the South Coast Air Quality Management District ("SCAQMD") held a public meeting in Huntington Park, adjacent to the City of Vernon, to discuss the proposed additional amendments to Rule 1309.1 – Priority Reserve. The substance of the proposed amendments was discussed in the Applicant's Status Report #1 (dated January 9, 2007). Amendments to Rule 1309.1 would affect the proposed Vernon Power Plant. The SCAQMD has not yet finalized the rule and is expected to set a public meeting for March 2, 2007, to consider adoption of proposed amendments to the rule.

In Applicant's Data Response Set 1A (dated November 27, 2006) the Applicant stated that it did not at that time have the requested information for the last 7 lbs/day of VOC emission reduction credits ("ERCs") acquired from the open market. The requested information has since been obtained and is as follows:

Specific Location Information for VOC ERCs Procured for the Vernon Power Plant (Data Provided by the SCAQMD)

Revised Certificate Number	ERC Quantity (lbs/day)	Original Source of ERC	Zone
AQ006118	3	Dresher Inc. Harris Hub Div. (Facility ID 83602) located at 4900 Valley Blvd., Los Angeles, CA 90032	Coastal
AQ006303	4	Scope Products, Inc. (Facility ID 020203) located at 9112 Graham Ave., Los Angeles, CA 90002	Coastal

With regard to the air quality issues discussed in the California Energy Commission's ("CEC") Status Report #1 (dated January 18, 2007):

- Applicant is continuing to investigate the PM_{2.5} emission mitigation strategy; however, at this time Applicant cannot provide a date when any additional mitigation proposals will be submitted to the CEC.
- Regarding a local mitigation strategy for criteria pollutants and air toxics, the Applicant is actively working with the SCAQMD on this issue; however, at this time Applicant cannot provide a date when any local mitigation strategies will be provided to the CEC.
- Regarding the air quality cumulative impact assessment, the Applicant is awaiting data from the SCAQMD needed to perform the analysis. Information was requested from the SCAQMD through a Freedom of Information Act request. The Applicant anticipates being able to provide the requested analysis to the CEC in February 2007.
- The Applicant understands that the SCAQMD is currently working on the Preliminary Determination of Compliance ("PDOC") for the proposed Vernon Power Plant. The Applicant expects the SCAQMD will complete the PDOC in February (original anticipated date was mid-January 2007). The Applicant does not believe that the SCAQMD's delay in issuing the PDOC is attributable to the proposed amendments to Rule 1309.1 – Priority Reserve, as the SCAQMD staff have issued PDOCs for other projects notwithstanding the pending proposed amendments.

Hazardous Materials

The Applicant has received a copy of the Phase II Environmental Site Assessment prepared by Geomatrix for the Pechiney Cast Plate Facility (the site of the proposed Vernon Power Plant). Copies of the Phase II Environmental Site Assessment (and supporting documents) will be provided to the CEC under separate cover on Friday, February 2, 2007. These documents include:

- Phase II Environmental Site Assessment Report (dated March 9, 2006)
- Stoddard Solvent Impacted Soils Investigation (dated May 25, 2006)
- Polychlorinated Biphenyls (PCB) Notification Plan (dated September 27, 2006)
- Supplemental Phase II Environmental Site Assessment Report (dated December 19, 2006)

Public Health

Related to the issue of local public health studies discussed in the CEC's Status Report #1, the Applicant is working to identify any additional public health studies affecting the cities of Maywood and Huntington Park that were not already provided in Appendix 8.6B of the Application for Certification ("AFC"). If additional public health studies are identified, the Applicant will provide such studies to the CEC in February 2007.

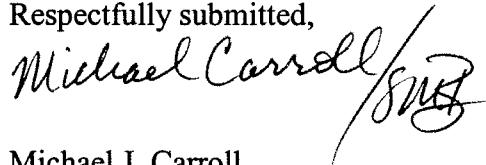
Project Facilities

CEC staff have discussed the possibility of selecting one transmission line route for the proposed Vernon Power Plant from the two possible routes discussed in the AFC. The Applicant respectfully requests that staff continue to analyze both options presented in the AFC. The Applicant is continuing to analyze the options in conjunction with Southern California Edison to determine if one option is superior to the other; however, to date, no superior option has been identified by Southern California Edison or the Applicant.

With regard to the cooling towers at the proposed Vernon Power Plant, CEC staff have suggested the Applicant relocate the proposed cooling towers to the southern end of the site. The Applicant is not proposing to relocate the towers from the location described in the AFC.

DATED: February 1, 2007

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Carroll" with a stylized flourish or initials at the end.

Michael J. Carroll
of LATHAM & WATKINS
Counsel to Applicant

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

In the Matter of:)	Docket No. 06-AFC-4
)	
Application for Certification, for the VERNON POWER PLANT PROJECT by the City of Vernon)	ELECTRONIC PROOF OF SERVICE LIST
)	
)	(Revised January 19, 2007]
)	

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. 06-AFC-4
1516 Ninth Street, MS-4
Sacramento, California 95814-5512
docket@energy.state.ca.us

Transmission via electronic mail addressed to the following:

APPLICANT

Donal O'Callaghan

Director of Light and Power
City of Vernon
4305 So. Santa Fe Avenue
Vernon, California 90058
docallaghan@ci.vernon.ca.us
rtoering@ci.vernon.ca.us

John Carrier

Environmental Consultant
CH2M Hill
2485 Natomas Park Dr. #600
Sacramento, California 95833-2937
john.carrier@ch2m.com

VERNON POWER PLANT PROJECT
CEC Docket No. 06-AFC-4

COUNSEL FOR APPLICANT

Eric Fresch

City Attorney
City of Vernon
4305 So. Santa Fe Avenue
Vernon, California 90058
e.fresch@sbcglobal.net

John Karns

Jeff Harrison

Karns & Karabian
900 Wilshire Boulevard, Suite 530
Los Angeles, California 90017
jkarns@karnskarabian.com
jharrison@karnskarabian.com

INTERESTED AGENCIES

Albert Fontanez

Assistant Planner
City of Huntington Park
6550 Miles Avenue
Huntington Park, California 90255
afontanez@huntingtonpark.org

Felipe Aguirre

Edward Ahrens

City of Maywood
4319 E. Slauson Ave
Maywood California 90270
faguirre@cityofmaywood.com
eahrens@cityofmaywood.com

Eric Saltmarsh

Electricity Oversight Board
770 L Street, Suite 1250
Sacramento, California 95814
esaltmarsh@eob.ca.gov

VERNON POWER PLANT PROJECT
CEC Docket No. 06-AFC-4

John Yee

Chandrashekhar Bhatt

South Coast Air Quality Mgmt. District
21865 E. Copley Drive
Diamond Bar, California 91765-4182
jyee@aqmd.gov
cbhatt@aqmd.gov

INTERVENORS

Marc D. Joseph

Gloria D. Smith

California Unions for Reliable Energy
Adams Broadwell Joseph & Cardozo
601 Gateway Blvd., Suite 1000
South San Francisco, California 94080
gsmith@adamsbroadwell.com
mdjoseph@adamsbroadwell.com

Bahraim Fazeli

Communities for a Better Environment
5610 Pacific Boulevard, Suite 203
Huntington Park California 90255
bfazeli@cbeval.org

Shana Lazerow

Philip Huang

Communities for a Better Environment
1440 Broadway, Suite 701
Oakland, California 94612
slazerow@cbeval.org
phuang@cbeval.org

ENERGY COMMISSION

Jackalyne Pfannenstiel, Chair

Presiding Committee Member
jpfannen@energy.state.ca.us
cgraber@energy.state.ca.us

James D. Boyd, Commissioner

Associate Committee Member
jboyd@energy.state.ca.us

VERNON POWER PLANT PROJECT
CEC Docket No. 06-AFC-4

Susan Gefter
Hearing Officer
sgefter@energy.state.ca.us

James W. Reede, Jr., Ed.D
Siting Project Manager
jreede@energy.state.ca.us

Kenneth Celli
Staff Attorney
kcelli@energy.state.ca.us

Margret J. Kim
Public Adviser
pao@energy.state.ca.us

DECLARATION OF SERVICE

I, Paul Kihm, declare that on February 1, 2007, I deposited the required original signed copy of the attached:

APPLICANT'S STATUS REPORT #2

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 February 1, 2007, at Costa Mesa, California.



Paul Kihm