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LATHAM & WATKINS LLP

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July 27, 2007

File No. 039610-0001

VIA FEDEX

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 07-AFC-1
1516 Ninth Street, MS-4
Sacramento, California 95814-5512

DOCKET	
07-AFC-1	
DATE	JUL 27 2007
RECD.	JUL 27 2007

Re: Victorville 2 Hybrid Power Project: Docket No. 07-AFC-1

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 Status Report #1.

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 07-AFC-1 Proof of Service List (w/encl. via e-mail)
Michael J. Carroll, Esq. (w/encl.)

STATE OF CALIFORNIA
ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:)	Docket No. 07-AFC-I
)	
Application for Certification, for the VICTORVILLE 2 HYBRID POWER PROJECT by The City of Victorville)	APPLICANT'S STATUS REPORT #1
)	
)	
)	
)	

Applicant hereby submits Applicant's Status Report #1 pursuant to the Committee Scheduling Order dated June 14, 2007.

Discovery

On May 15, 2007, Applicant responded to informal data requests made by California Energy Commission ("CEC") staff. Subject to certain objections, on July 12, 2007, Applicant responded to California Unions for Reliable Energy Data Requests Set One. On July 23, 2007, Applicant responded to CEC staff Data Requests Set 1. Applicant has thus responded to, or timely objected to, all data requests issued to date.

Federal Permitting Process

On June 13, 2007, Applicant received a completeness determination for the Prevention of Significant Deterioration permit application submitted to the U.S. Environmental Protection Agency ("EPA") (copy enclosed). On June 11, 2007, EPA initiated formal consultation with the U.S. Fish and Wildlife Service under Section 7 of the federal Endangered Species Act (copy enclosed).

Schedule

The Committee Scheduling Order issued on June 14, 2007 contemplated that CEC staff Data Requests would be issued earlier than they were. As a result, the remainder of the schedule must be adjusted to reflect the current situation. Applicant recommends the following revised schedule, which adjusts for delays that have occurred to date, while at the same time eventually brings the schedule back in line with the June 14, 2007 Order.

DATE	EVENT
July 27, 2007	Staff and Applicant each file Status Report #1
August 8, 2007	Data response and issue resolution workshop
August 16, 2007	Local, state and federal agency draft determinations and MDAQMD PDOC

September 17, 2007	Staff files Preliminary Staff Assessment (PSA)
October 1, 2007	PSA Workshop
October 9, 2007	Local, state and federal agency final determinations and MDAQMD FDOC
November 9, 2007	Staff files Final Staff Assessment (FSA)

DATED: July 27, 2007

Respectfully submitted,



Michael J. Carroll
of LATHAM & WATKINS LLP
Counsel to Applicant



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

June 13, 2007

Jon B. Roberts
City Manager
City of Victorville
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001

Subject: Application Completeness Determination for Victorville II Prevention of Significant Deterioration Permit Application

Dear Mr. Roberts:

We are writing in response to your PSD permit application for an Environmental Protection Agency Prevention of Significant Deterioration (PSD) Approval to Construct a 563 megawatt power plant in the City of Victorville. We received your initial application on May 8, 2007 and your update on June 22, 2007, which together would cover the pollutants NO_x, CO, and PM_{2.5}.

We have reviewed your application and determined that it is administratively complete. However, this notification of completeness does not imply that the EPA agrees with any analyses, conclusions, or positions contained in the application. In addition, we may need supplemental information on one or more parts of the application before we can issue a proposed permit. If you submit new information indicating a significant change in the project design, ambient impact or emissions, or if you request a suspension in the processing of the application, this determination of completeness may be revised.

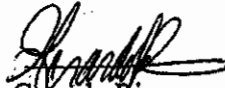
We are drafting a proposed determination, which will include an Ambient Air Quality Impact Report and proposed permit. When we issue our proposed decision, we will publish a public notice that sets a public comment period that will last at least 30 days.

Please be advised that at anytime anyone may have full access to the application materials and other information you provide to us in connection with this permit action. Therefore, we are informing you of your rights to claim business confidentiality under 40 CFR 2, Subpart B for any part of or all of the information you provide us. If you do not make a claim of confidentiality for any of this material within 15 days of the date you receive this letter you will have waived your right to do so. Please note that the facility name and

address may not be claimed as confidential. If you wish to claim confidentiality, you must substantiate your claim. Your substantiation must address the points enumerated in the attachment to this letter, in accordance with 40 CFR 2.204(e).

If you have any questions concerning a claim of confidentiality or the review of your application, please contact Ed Pike at (415) 972-3970 or pike.ed@epa.gov; or call me at (415) 972-3974 or rios.gerardo@epa.gov.

Sincerely,



Gerardo Rios
Chief, Permits Office
Air Division

Attachment

cc: Allan DeSalvio, MDAQMD (via email)
John Kessler, CEC (via email)
Sara Head, ENSR (via email)
Tom Barnett, Inland Energy (via email)
Jon B. Roberts, City Manager, City of Victorville (via email)

ATTACHMENT

INSTRUCTIONS FOR CLAIMING CONFIDENTIALITY

- A. Pursuant to 40 CFR 2.204(e), your claim must address these points:
- i. The portions of the information alleged to be entitled to confidential treatment;
 - ii. The period of time for which confidential treatment is desired by the business (e.g., until the occurrence of a specific event, or permanently);
 - iii. The purpose for which the information was furnished to EPA and the appropriate date of submission, if known;
 - iv. Whether a business confidentiality claim accompanied the information when it was received by EPA;
 - v. Measures taken by you to guard against the undesired disclosure of the information to others;
 - vi. The extent to which the information has been disclosed to others and the precautions taken in connection therewith;
 - vii. Pertinent confidentiality determinations, if any, by EPA or other Federal agencies, and a copy of any such determination or reference to it, if available;
 - viii. Whether you assert that disclosure of this information would be likely to result in substantial harmful effects on your business's competitive position, and if so, what those harmful effects would be, why they should be viewed as substantial; and an explanation of the casual relationship between disclosure and such harmful effect, and
 - ix. Whether you assert that the information is voluntarily submitted information and if so, whether any disclosure of the information would tend to lessen the availability to EPA of similar information in the future. "Voluntarily submitted information" is defined in 40 CFR Section 2.201(i) as business information in EPA's possession.
 - a) The submission of which EPA has no statutory or contractual authority to require; and
 - b) The submission of which was not prescribed by statute or regulation as a condition of obtaining some benefit (or avoiding some disadvantage) under a regulatory program of general applicability, including such regulatory programs as permit, licensing, registration, or certification programs, but excluding programs concerned solely or primarily with the award

or administration by EPA of contracts or grants.

- B. We will disclose information covered by your claim only to the extent provided for in 40 CFR Part 2, Subpart B Confidentiality of Business Information. Please address your claim and substantiation of confidentiality to the staff person mentioned in the letter at EPA Region 9 (AIR-3), 75 Hawthorne Street, San Francisco, CA 94105.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

June 11, 2007

Diane Noda
Field Supervisor
United States Fish and Wildlife Service
2493 Portola Rd, Suite B
Ventura, CA 93003

Re: Request for Formal Consultation under Section 7 of Federal Endangered Species Act for Proposed Victorville 2 Hybrid Power Project

Dear Ms. Noda:

By this letter, the United States Environmental Protection Agency, Region 9 ("Region 9") requests initiation of formal consultation under Section 7 of the federal Endangered Species Act ("ESA") for the proposed Victorville 2 Hybrid Power Project located in the City of Victorville, San Bernardino County, California ("VVII Project"). The City of Victorville has applied to Region 9 for a Prevention of Significant Deterioration ("PSD") permit as required by Part C of the Clean Air Act and regulations at 40 C.F.R. §52.21. Region 9 is responsible for complying with ESA Section 7 requirements with respect to federal PSD permitting, and must ensure that issuance of the PSD permit to the VVII Project is not likely to jeopardize the continued existence of endangered or threatened species, or result in the destruction or adverse modification of critical habitat of such species.

The applicant and the Region have participated in informal consultation with U.S. Fish and Wildlife Service ("FWS") regarding the VVII Project. This request for formal consultation is made in accordance with our discussions with Ray Bransfield of your staff. In discussions between the project proponent and the FWS, FWS indicated that formal consultation would be required due to the potential incidental take of the federally listed desert tortoise.

The City of Victorville, acting through its authorized representatives including AMEC Earth & Environmental Inc., is the designed non-Federal representative. AMEC Earth & Environmental Inc. prepared and submitted a Biological Assessment dated May 2, 2007, which provides information about the project and its effects on listed species, as well as mitigation and minimization measures. Although this May 2, 2007 document is labeled *DRAFT*, the project proponent has confirmed to EPA that it is the finalized document. A copy of this Biological Assessment is enclosed.

In summary, pursuant to Section 7 of the ESA, we request the initiation of formal consultation for the VVII Project to address potential adverse impacts to the desert tortoise. We further request preparation of a Biological Opinion by FWS, and concurrence in writing that the project is not likely to adversely affect the other special status plant and wildlife species identified in section 8 of the enclosed Biological Assessment (e.g., the bald eagle, least bell's vireo and the southwestern willow flycatcher). We also request that we receive a copy of the draft Biological Opinion for our review. We look forward to working with you on this matter. If you have any questions, please have your staff contact Ed Pike of the Air Permits Office at (415) 972-3970; or you may contact me at (415) 972-3974.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerardo C. Rios", with the initials "ROR" written to the right of the signature.

Gerardo C. Rios
Chief, Air Permits Office

cc: Ran Bransfield, FWS (via email)
Sara Head, ENSR (via email)
Tom Barnett, Inland Energy (via email)
Jon B. Roberts, City Manager, City of Victorville (via email)

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

In the Matter of:)	Docket No. 07-AFC-1
)	
Application for Certification,)	ELECTRONIC PROOF OF SERVICE
for the VICTORVILLE 2)	LIST
HYBRID POWER PROJECT)	
by the City of Victorville)	(revised June 14, 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. 07-AFC-1
1516 Ninth Street, MS-4
Sacramento, California 95814-5512
docket@energy.state.ca.us

Transmission via electronic mail addressed to the following:

APPLICANT

Jon B. Roberts
City Manager
City of Victorville
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92393-5001
JRoberts@ci.victorville.ca.us

APPLICANT'S CONSULTANTS

Thomas M. Barnett
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South Tower, Suite 606
3501 Jamboree Road
Newport Beach, CA 92660
TBarnett@inlandenergy.com

VICTORVILLE II HYBRID POWER PROJECT
CEC Docket No. 07-AFC-1

Sara Head
Environmental Manager
ENSR
1220 Avenida Acaso
Camarillo, CA 90012
SHead@ensr.aecom.com

INTERESTED AGENCIES

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

INTERVENORS

California Unions for Reliable Energy (CURE)
c/o Gloria D. Smith
Adams Broadwell Joseph & Cardozo
601 Gateway Boulevard, Suite 1000
South San Francisco, CA 94080
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VICTORVILLE II HYBRID POWER PROJECT
CEC Docket No. 07-AFC-1

Mike Monasmith
Public Adviser
pao@energy.state.ca.us


DECLARATION OF SERVICE

I, Paul Kihm, declare that on July 27, 2007, I deposited the required original signed copy of the attached:

APPLICANT'S STATUS REPORT #1

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 July 27, 2007, at Costa Mesa, California.



Paul Kihm