

October 24, 2007

Ms. Raquel Rodriguez
California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET	
06-AFC-7	
DATE	OCT 24 2007
RECD.	OCT 24 2007

Re: **HUMBOLDT BAY REPOWERING PROJECT
STATUS REPORT NUMBER 4
DOCKET NO. (06-AFC-7)**

Dear Ms. Rodriguez:

Enclosed for filing with the California Energy Commission are one original and 12 (Twelve) copies of the **HUMBOLDT BAY REPOWERING PROJECT STATUS REPORT NUMBER 4**, for the Humboldt Bay Repowering Project (06-AFC-7).

Sincerely,


Marguerite Cosens

MC/
Enclosure(s)

Scott A. Galati
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(916) 441-6575

STATE OF CALIFORNIA
Energy Resources
Conservation and Development Commission

In the Matter of:

Application for Certification for the
Humboldt Bay Repowering Project

DOCKET NO. 06-AFC-7

**HUMBOLDT BAY REPOWERING
PROJECT STATUS REPORT
NUMBER 4**

Pacific Gas & Electric Company (PG&E) submits this Status Report Number 4, which addresses the current status of the Humboldt Bay Repowering Project (HBRP).

Preliminary Determination of Compliance

The North Coast Unified Air Quality Management District (District) issued its Preliminary Determination of Compliance (PDOC) on October 24, 2007. The PDOC incorporates the revised modeling performed by PG&E at the request of the District. PG&E submitted a revised modeling protocol to the District on July 17. The revised protocol was reviewed by the District, US EPA, California Air Resources Board (CARB) and the CEC staff, and the revised modeling was performed in accordance with comments received from the agencies. The CEC staff's comments were addressed by PG&E during the protocol review process. As the Committee is aware, obtaining the PDOC removes the sole obstacle to processing the HBRP AFC. PG&E has worked diligently with the District and is delighted to obtain the PDOC and urges the CEC to promptly complete its Preliminary Staff Analysis (PSA). It is important that the HBRP receive its license as soon as feasible to facilitate construction during the dry season so that the HBRP can be in place to serve the 2009 winter peak, the existing facility can be decommissioned, and the many environmental improvements associated with replacing the existing facility can be realized.

PG&E understands that the CEC Staff has requested the District facilitate a meeting to discuss the PDOC. PG&E is always willing to engage in dialogue to resolve issues and

reach consensus. However, due to the 8-month slip in schedule while working on the PDOC, PG&E can only support such a meeting if it does not delay issuance of the PSA.

California Coastal Commission

On October 16, 2007, the California Coastal Commission (CCC) sent a letter to the Executive Director of the CEC informing the CEC that due to lack of staff resources, it will not participate in reviewing any CEC AFCs including the HBRP. Therefore, the CCC will not be preparing and delivering a report pursuant to Section 30413(d) of the Coastal Act. The CCC further states that it strongly supports the reduction of once-through cooling proposed by the HBRP. The CCC states further that this fact alone reduces the CCC's concerns about the type and scale of impacts of the project and also lessens the concerns about the ability of such projects to conform to the Coastal Act provisions.

Public Resources Code (PRC) Section 25508 provides that the CEC shall cooperate with the CCC in reviewing AFCs within the coastal zone. In this case, PG&E as well as Staff have cooperated with various representatives of the CCC since filing. PRC Section 25519 requires the CEC to transmit a copy of the AFC to the CCC for their assessment. The Staff transmitted a copy of the AFC to the CCC and PG&E also delivered a copy and met with CCC representatives to discuss the contents of the AFC. PRC Section 25523 states that the written decision of the CEC must specify provisions to meet the objectives of the Coastal Act as specified in the report prepared by the CCC pursuant to Section 30413(d) of the report (CCC Report). However, nothing in Section 25523 requires the CEC to obtain a CCC Report, and in fact, the Section allows the CEC to override specific provisions in the CCC Report if it finds that they would (1) be infeasible or (2) result in greater adverse effects to the environment.

PRC Section 30413 outlines the CCC's participation in the CEC Siting Process. Specifically, Subsection (d) requires the CCC to prepare a CCC Report in any Notice of Intention Proceeding to support the CEC's preliminary report under Section 25510. Nothing in Subsection (d) requires the CCC to prepare a CCC Report in an AFC Proceeding. While the CCC and CEC have executed a Memorandum of Agreement that allows the submittal of a CCC Report in an AFC Proceeding, neither the Warren-Alquist Act nor the Coastal Act require that such a report be submitted. In fact, PRC Section 30413 (e) provides that the CCC "**may, at its discretion**, participate fully in other proceedings conducted by the State Energy Resources Conservation and Development Commission pursuant to its powerplant siting authority" (**emphasis added**). The CCC has exercised its discretion to not prepare a CCC Report, but that decision should not ultimately affect the CEC's AFC proceedings.

While the CCC will not prepare a report, the CCC has actively participated in the proceedings by attending the Site Visit and Informational Hearing and attending additional technical site visits with PG&E and CEC biologists to discuss wetland

delineation and mitigation plans. As a result of these meetings and at the request of the CCC, PG&E prepared the Buhne Point Wetlands Preserve Mitigation and Monitoring Plan incorporating recommendations received from the CCC. The AFC included a detailed analysis of how the HBRP meets the objectives set forth in the Coastal Act. PG&E believes that the CEC Staff and Committee can determine on its own whether the HBRP meets those objectives without further input from the CCC. According to the CCC letter, it appears the CCC has similar confidence.

Schedule

At the June 4, 2007, Hearing on PG&E's Motion for Bifurcation, Staff informed the Committee that all but six of the Preliminary Staff Assessment technical sections were essentially complete. Staff stated that the outstanding sections were air quality, public health, visual resources, traffic and transportation, cultural resources, and soil and water.

On July 17, 2007, PG&E submitted revised air quality modeling protocol to the District. PG&E understands that the District forwarded the revised air quality modeling protocol to the CEC and to the CARB for comment. On September 11, 2007, PG&E submitted the revised air quality impact analysis to the District. The District forwarded the revised analysis to the CEC staff on September 12, 2007.

On September 28, 2007, PG&E filed a supplement to its AFC with the CEC, which included the revised air quality analysis, the revised public health analysis, and a revised visual analysis of the slight increase in height of the stacks. At the June 4, 2007, Hearing, Staff expressed concern that an increased stack height would cause noise emissions to increase and therefore would require additional analysis. The Supplement also provides confirmation that the noise emissions do not increase and that the raising of the stack height has a negligible effect on the analysis previously provided. Therefore, Staff's current noise section of the PSA does not need to be revised. Staff also raised the issue of whether a height variance from Humboldt County would be required if the stacks height was increased. Staff has misinterpreted the application of the Coastal Act to the HBRP. Since the HBRP site is within the retained jurisdiction of the CCC, Humboldt County does not have jurisdiction and therefore no variance from Humboldt County is required. The Supplement contained a detailed analysis of this issue in the land use section and therefore only minor clarifications to Staff's current land use section of the PSA may be required.

PG&E's revised modeling and increase stack height has no bearing on Staff's cultural resources, traffic and transportation, and soil and water resources sections and therefore these sections should have been completed since the June 4, 2007, Hearing.

Since staff is in possession of the Supplement docketed on September 28th, the revised air quality analysis forwarded by the District on September 12th, and the PDOC

published on October 24th, PG&E believes staff has everything it needs to finalize the three outstanding sections of the PSA. Since this project is critical to the Humboldt Area Load Pocket and represents substantial environmental improvements, PG&E respectfully requests the Committee to revise its scheduling order requiring the PSA to be published on or before November 21, 2007 and direct Staff to schedule a Public Workshop as soon thereafter as is feasible.

Dated: October 24, 2007


FOR Scott A. Galati
Counsel to PG&E

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

**APPLICATION FOR CERTIFICATION FOR THE
HUMBOLDT BAY REPOWERING PROJECT
BY PACIFIC GAS AND ELECTRIC COMPANY**

**Docket No. 06-AFC-7
PROOF OF SERVICE
(Revised 5/1/07)**

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 06-AFC-07
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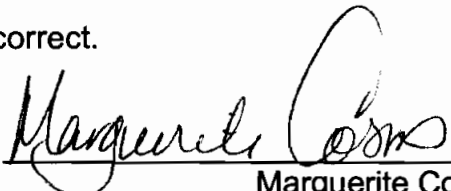
Declaration of Service

I, Marguerite Cosens, declare that on October 24, 2007, I deposited the required copies of the attached **HUMBOLDT BAY REPOWERING PROJECT STATUS REPORT NUMBER 4** in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above. I declare under penalty of perjury that the foregoing is true and correct.

OR

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.



Marguerite Cosens