

# Memorandum

Date: February 25, 2008  
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To: Commissioner Jeffrey Byron

From: California Energy Commission – John S. Kessler *jsk*  
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Project Manager

<b>DOCKET</b> 06-AFC-7	
<b>DATE</b>	FEB 25 2008
<b>RECD.</b>	FEB 25 2008

Subject: **HUMBOLDT BAY REPOWERING PROJECT (06-AFC-7) STATUS REPORT 5**

The following is staff's Status Report 5 for Pacific Gas and Electric's (PG&E) proposed Humboldt Bay Repowering Project (HBRP).

### Current Issues and Activities for Resolution

Staff is continuing the analysis phase of the Application for Certification (AFC) process for the proposed Humboldt Bay Repowering Project (HBRP). The Preliminary Staff Assessment (PSA) was published on November 29, 2007 and identified unresolved issues in Air Quality, Public Health, Biological Resources and Land Use. Staff conducted two PSA Workshops on December 14, 2007 and January 16, 2008. It is encouraged that through work with the applicant, North Coast Unified Air Quality Management District (NCUAQMD) and U.S. Environmental Protection Agency (USEPA) that issues pertaining to Air Quality and Public Health are being resolved through revision of the modeling approaches and establishment of lower limits on diesel fuel use.

Staff's complete assessment of Biological Resources issues has been completed based upon consultation with the Coastal Commission and review of the project for conformance with the Coastal Act. It now believes the project will conform. Under Land Use, staff's determination of the project's conformance with the Humboldt County General Plan would be satisfied if the Public Health impact issues are indeed resolved. Staff and the applicant are also discussing how HBRP would meet the requirements under the Warren-Alquist Act for providing a public use area associated with development in the coastal zone. Following publication of the PSA, staff received comments from the applicant indicating that they disagree with staff's Cultural Resources position that construction and operation of HBRP would result in an indirect impact to a significant historical resource as a result of the subsequent demolition of Humboldt Bay Power Plant (HBPP) Units 1 and 2. Staff and the applicant are still collecting and exchanging information on the above issues. The following is a summary of the status of these issues and staff's resolution efforts since the publication of the PSA.

### Air Quality

The NCUAQMD has secured the services of a consultant to perform air dispersion modeling of the proposed HBRP. The consultant initiated its modeling in January 2008, and is expected to provide preliminary results to the NCUAQMD in late February or early March. If the modeling

results indicate that the project will conform to NCUAQMD rules and all applicable laws, ordinances, regulations and standards (LORS), the NCUAQMD expects to issue the Final Determination of Compliance (FDOC) within a few weeks thereafter, possibly as early as mid-March. Staff will review the results from the NCUAQMD consultant's modeling as well as verify with its own modeling whether the project conforms with all applicable LORS.

### **Public Health**

During the January 16, 2008 PSA Workshop, PG&E agreed to revise their screening Health Risk Assessment (HRA) for the HBRP according to criteria acceptable to staff. PG&E filed their revised HRA on February 6, 2008 and it is currently being reviewed by staff. PG&E's conclusion is that the project would not cause a significant adverse impact to public health. The most significant changes underlying the revised HRA are two-fold:

1. The applicant, NCUAQMD and staff looked carefully at the hours of diesel operation that would be needed for maintenance, testing and natural gas curtailments. The applicant determined that 510 plant-wide engine hours per year, combined for all ten units would be adequate rather than the 1,000 hours previously assumed.
2. Staff and the applicant investigated the air dispersion model used for purposes of performing the screening HRA. Both believe that the CTSCREEN version of the CTDMPLUS model would be acceptable for the meteorological data available, would properly model physical conditions posed by the elevated terrain of Humboldt Hill located southeast of the proposed HBRP, and would conform to the guidelines of the California EPA Office of Environmental Health Hazard Assessment (OEHHA).

Staff is encouraged with these recent developments leading to more issue resolution and is currently reviewing the revised screening HRA.

### **Biological Resources**

Since publishing the PSA, staff has completed its assessment of biological impacts and its determination as to whether the project conforms with LORS. Staff consulted with the Coastal Commission and determined that the project will conform with the Coastal Act as it pertains to biological resources.

### **Cultural Resources**

The applicant plans to remove Humboldt Bay Power Plant (HBPP) Units 1 and 2 when HBRP becomes operational. Staff believes construction and operation of HBRP would result in an indirect impact to a significant historical resource as a result of the subsequent demolition of the existing units. Staff considers all of the existing HBPP that is 45 years or older a historic district in association with the nuclear Unit 3 that has already been determined to be historically significant. Staff has proposed mitigation in the PSA that would require PG&E to prepare a Historic American Engineering Record (HAER) of the contributing elements of the historic district prior to their alteration or demolition. Staff and PG&E continue to discuss this issue, including the Energy Commission's and possibly the Nuclear Regulatory Commission's (NRC) determinations as to whether features of the existing HBPP other than Unit 3 are historically significant. Staff is also working with the applicant and NRC to understand the role

the NRC may ultimately have for considering the historic significance of the other existing HBPP features in accordance with the National Historic Preservation Act (Section 106).

### **Land Use**

The outstanding LORS conformance issue regarding the Humboldt County General Plan would be satisfied if the questions regarding Public Health impacts (in accordance with the modeling described previously in Public Health) are indeed resolved. A demonstration that health risks are below the significant impact threshold would show the project to be compatible with adjacent land uses.

Staff and the applicant are also discussing how HBRP would meet the requirements under Section 25529 of the Warren-Alquist Act for providing a public use area (e.g., a park, trail or other recreation option) associated with development in the coastal zone. During the January 16, 2008 PSA Workshop, staff, and representatives of PG&E, Humboldt County and the Redwood Community Action Agency performed field review and discussed a range of possible projects, and a general criteria for selecting an appropriate project. Based on this effort, and in recognition that there are no public use area projects that could be readily implemented near the existing HBPP, the parties, including City of Eureka, are analyzing one particular project located north of the HBPP called the Elk River Access Project. The project would develop/improve access to and within an existing wildlife sanctuary of nearly 300 acres along the Eureka waterfront of Humboldt Bay. The concept being discussed by the parties is for PG&E to make a one-time contribution with their funds dedicated to specific elements of the project.

### **Schedule**

The following table summarizes the Committee's schedule in comparison with staff's currently-projected schedule, which has been updated to reflect the most recent activities. If ongoing activities continue as currently anticipated, the NCUAQMD could issue its FDOC in mid-March, and staff would strive to publish the FSA within 30 days thereafter in April 2008 in coordination with staff's overall power plant siting workload.

**Committee's Initial & Staff's Projected Schedule  
Humboldt Bay Repowering Project**

<b>Committee's Schedule</b>	<b>Staff's Projected Schedule</b>	<b>Event</b>
N/A	January 11, 2007	Staff transmits Data Request Set 2
January 12, 2007	January 12, 2007	Applicant provides Data Responses – Set 1
January 30, 2007	January 30, 2007	Parties file Status Report 1
January 24, 2007	February 1, 2007	Data Response and Issue Resolution Workshop 1
N/A	February 13, 2007	Applicant provides Data Responses – Set 2
N/A	February 28, 2007	Staff transmits Data Request Set 3
N/A	March 12, 2007	Data Response and Issue Resolution Workshop 2
March 14, 2007	March 14, 2007	Parties file Status Report 2
N/A	March 30, 2007	Applicant provides Data Responses – Set 3
N/A	May 4, 2007	CARB provides preliminary Engineering Analysis to NCUAQMD
N/A	May 11, 2007	Staff transmits letter to applicant identifying preliminary air quality & public health issues
May 11, 2007	May 11, 2007	Parties file Status Report 3
N/A	May 18, 2007	Applicant provides response to staff's 5/11/07 letter indicating its plans & schedule for resolving issues
N/A	September 28, 2007	Applicant provides information in support of resolving issues identified in staff's 5/11/07 letter
March 8, 2007 <sup>1</sup>	October 24, 2007 ("N" in the footnote)	Agency draft determinations and NCUAQMD PDOC
N/A	October 31, 2007	Staff issues data requests on revised project description and air modeling
N/A	October 31, 2007	Staff files Status Report 4
April 6, 2007 <sup>2</sup>	November 29, 2007	Staff files Preliminary Staff Assessment (PSA)
N/A	December 14, 2007	PSA/PDOC Workshop #1
N/A	January 16, 2008	PSA/PDOC Workshop #2
May 7, 2007 <sup>3</sup>	mid-March 2008	Agency final determinations and NCUAQMD FDOC
June 6, 2007 <sup>4</sup>	April 2008	Staff files FSA
N/A	To be determined	Evidentiary Hearings
N/A	To be determined	Presiding Member's Proposed Decision
November 7, 2007	To be determined	Final Decision

**Please Note: Shaded events indicate those already completed**

Commissioner Karen Douglas  
Proof of Service List  
Dockets

<sup>1</sup> Actual date of publication designated "N"

<sup>2</sup> To be issued on N+30 days

<sup>3</sup> Actual date of publication designated "M"

<sup>4</sup> To be issued on M+30 days

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 10/25/07)

**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  
1516 Ninth Street, MS-4  
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**DECLARATION OF SERVICE**

I, Terry Piotrowski, declare that on February 25, 2008, I deposited copies of the attached Humboldt Bay Repowering Project (06-AFC-7) Status Report 5 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.

**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.

  
Terry Piotrowski